

# The Incorporated Accountants' Journal.

THE OFFICIAL ORGAN OF



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Letters for the Editors to be forwarded to them, care of the Secretary, as above. Correspondence, copies of reports and accounts, etc., will be welcomed from the profession.

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## Professional Notes.

THE Examination Committee of the Council of the Society have declared the results of the Examinations held in November last. 241 candidates sat for the Final Examination, of whom 12 were awarded honours, 113 passed and 116 failed. Mr. Ernest Long, Clerk to Mr. Edmund Lund, City Treasurer, Carlisle, is awarded the First Prize and the First Certificate of Merit; the Second Certificate of Merit and Second Prize are awarded to Mr. George James Simmons, Clerk to Mr. W. Vincent Vale, Incorporated Accountant, Wolverhampton; the Third Certificate of Merit and the Third Prize to Mr. Ronald Robert Coomber, B.Sc. (Econ.), Clerk to Messrs. Knox, Cropper & Co., London. Of the remaining nine honours candidates eight are clerks to members of the profession in practice, and one is clerk under a Borough Treasurer.

In the Intermediate Examination 284 candidates presented themselves, of whom 5 are placed in honours, 128 passed and 101 failed. The First Place Certificate is awarded to Mr. Frederick Vernon Arnold, Clerk to Mr. R. Carpenter, Brighton; the Second Place Certificate to Mr. Stanley James Elliott, formerly Clerk to Mr. A. H. Hughes, London, but who has recently taken up a commercial appointment. Both these candidates are disqualified from receiving a prize under the age limit imposed by the Council. A Prize and Third Place Certificate are awarded to Mr. William Alfred Board, Clerk to Mr. H. M. B. Ker, Bridgwater, a Fourth Place Certificate to Mr. William Henry Carter, of the Public Trustee Office, and a Fifth Certificate to Mr. Leonard Cecil Hawkins, Clerk to Messrs. Deloitte, Plender, Griffiths & Co., London. Of 118 candidates for the Preliminary Examination, 8 are placed in honours, 75 passed and 40 failed. The First Place and Prize are awarded to Mr. William John Cutlack, of London.

The percentage of failures in the Final Examination is 48, in the Intermediate Examination 43, and in the Preliminary Examination 34. We note that in the case of both the Intermediate and Final Examinations the percentage of failures is higher than usual, but it is satisfactory that in the Final Examination the Examination Committee are able to award as many as twelve Certificates of Merit.

The first competitive examination for appointment of Accountant Officers, Royal Air Force, was held recently, and amongst the candidates who qualified were the following Incorporated Accountants:—Mr. Cecil Ernest Aston (Southampton), Mr. Stanley Wedgwood Hill (Nottingham), Mr. Edward Cecil Harris (Liverpool), Mr. Leslie Whitfield (Middlesbrough). It is understood that eighteen commissions have been offered to candidates who qualified at this examination, and a few further commissions may probably be offered in the spring to those immediately following on the list.

There will be an examination probably in the autumn of 1925, which will be on the same lines as that set for this year, the particulars of which were given in our August issue. Copies of the first set of examination questions may be obtained from the Stationery Office. We understand that many of the candidates who submitted themselves this year were rejected on medical grounds, and several of these were found to be run down or otherwise temporarily unfit, and were asked to go up for further medical examination within three months' time. Candidates, therefore, should keep in mind the importance of not allowing preparation for the examinations to stand in the way of their taking sufficient exercise to keep in good condition.

It is suggested that candidates might be well advised to be examined medically before starting

to prepare for the examination. A statement of the medical standard required for acceptance can be obtained by writing to the Secretary, Air Ministry, London, W.C. 2. The department will also arrange, if candidates wish, for a preliminary medical examination by the Central Medical Board of the Royal Air Force at Hampstead. Such an examination does not of course give any guarantee that the candidate will be finally accepted as medically fit at the time of examination. The fee charged is two guineas.

The retirement was recently announced of Mr. Richard Barrow, F.S.A.A., City Treasurer and Controller of Liverpool, who tendered his resignation after 38 years' service. Some years ago Mr. Barrow attained the age at which he could have retired on superannuation, but at the request of the Finance Committee he continued to hold the office which he has now vacated amid general expressions of regret. We understand that Mr. Arthur Collins, F.S.A.A., has been retained by the Liverpool Corporation to make a report generally on the City's finances and accounts.

Mr. John Allcock, F.S.A.A., the City Treasurer of Cardiff, has adopted what he believes to be a unique form of report explanatory of the accounts of the corporation. The feature of the report is that it gives in concise form a general review of the city's finances which is complete in itself without any reference whatever to the accounts. Mr. Allcock's idea is to provide something which the ratepayers are likely to read, as it is felt that the usual lengthy abstracts are seldom perused by the average ratepayer except perhaps for the purpose of finding out some particular item of income or expenditure in which he is particularly interested. The Cardiff Corporation have thought the report of sufficient interest to have it published in the local newspapers.

The Dartmouth Town Council have rescinded a previous resolution in favour of the appointment of a Government auditor. On second thoughts the Council came to the conclusion that the appointment of a Government auditor was not consistent with the prestige of Dartmouth as an ancient Borough. As one of the speakers put it, they were not like "the younger fry of boroughs" that the Ministry of Health could come down on. They relied upon their Act of Parliament passed in the year 1815.

Sir James Alexander Cooper, K.B.E., F.S.A.A., has been appointed by the Treasury, Financial Controller of the British Empire Exhibition 1925. The appointment of Sir James was made one of the conditions by the Treasury for further advances which the Government intend making towards the re-opening of the Exhibition at Wembley.

Much inconvenience is still caused to payees by public authorities and companies who issue cheques

payable "to order" with receipt forms attached to the face of the cheque. These cheques necessitate not only the signing of the receipt at foot, but also an endorsement on the back. The issue of cheques payable on signing of a receipt only is now a common practice, and it is quite time that bankers took steps to standardise this class of cheque and so save trouble and waste of valuable time on the part not only of their customers, but also of their own staffs.

We are publishing a condensed report of the libel action brought by Mr. Thomas Thompson, F.S.A.A., Borough Treasurer of Stoke-on-Trent, against Mr. Andrew MacLaren, M.P., the Editor of the *Labour Chronicle*, and others. The jury found a verdict for the plaintiff with damages £100, and the matter might rest there but for the rider attached to the verdict by the jury, in which they expressed an opinion that if pupils were accepted by corporation officials they should be taken on their merits and without premiums.

This is a matter for each municipal corporation to determine for itself. In many corporations there is a standing order that salaries paid to officials shall be inclusive of all emoluments, and that any fees received shall be paid over to the treasurer for the account of the corporation. There is nothing wrong in any professional man who is a corporation official receiving a fee for an article clerk provided that the terms of the indentures are disclosed to the public body concerned and the retention of the fee is definitely sanctioned. On the other hand, what is lawful is not always expedient, and it is a question that affects not only Incorporated Accountants but other professional men who enter the service of municipalities, whether they should not be content with the salaries attached to their respective offices and thereby avoid criticism, often ill-natured and sometimes ill-founded.

Professional accountants who are concerned with the audit of the accounts of Lloyd's Underwriters should take note of the new form of audit certificate which we publish in this issue. This form of certificate is to be substituted for the one set out in the Board of Trade order dated June 6th, 1910.

An interesting article has been contributed by Mr. J. E. Stone, F.S.A.A., to the December number of the *Hospital and Health Review* on the danger of relying upon monetary values for the purpose of comparing the consumption of provisions in hospitals and other similar institutions as between one period and another. He points out that in times of fluctuating prices such comparisons may be altogether misleading unless they are considered in conjunction with quantities, as if the price of a commodity is reduced and the quantity consumed, measured in terms of value, remains the same, it is obvious that an increase in consumption has taken place which would not be disclosed by financial



statistics. He therefore advocates the preparation of trustworthy quantity statistics, together with strict regulations and a proper system of accounting for stores issued. In this connection he considers that for every duty imposed upon a cashier with regard to cash there should be imposed upon the storekeeper a corresponding duty with regard to stores. Mr. Stone admits that quantity statistics alone will not necessarily provide all the information required for drawing correct conclusions, and that the best results are obtained by a judicious combination of the two methods. He advocates the establishment of a bureau of hospital statistics so that any one hospital may be provided with information as to the costs of similar services in other hospitals, including the elements of which these costs are made up.

At the Sussex Assizes last month, Alfred Turner, described as an accountant at Croydon and Brighton, and formerly a partner in an income tax agency in Brighton, pleaded guilty to forging an income tax repayment claim at Eastbourne, and was sentenced to six months imprisonment in the second division. Turner had retained the dividend vouchers of a client, and later, while in business at Eastbourne, had used them to make a repayment claim on behalf of a fictitious person. Mr. Justice Swift described the case as a most impudent fraud.

The attention of liquidators of public companies is drawn to an amendment in the form of the "Provisional List of Contributories" to be prepared by them in a winding-up. The new form, which appears in the *London Gazette* of November 23rd, is to take the place of Form No. 42 (Rule 77), and will come into use on and after January 1st, 1925.

National Savings Certificates are still popular, although they received something of a check when the rate of interest was reduced. The total amount subscribed by the public for the year ended March 31st last was over £45,000,000, while the repayments for the same period were nearly £33,000,000. The total subscriptions for these certificates since the beginning of the scheme amounts to about £531,000,000 and the repayments to £165,000,000, leaving a total sum still invested of £366,000,000. This is a very substantial amount, coming as it does largely from small investors who would not be in a position to subscribe for the ordinary Government securities.

The Annual Report of the Board of Trade on the working of the Companies Acts for the year 1923 has now been issued, from which it appears that the total number of new companies registered was 8,008. Against this, 2,844 companies went into liquidation and 1,598 were removed from the register as no longer carrying on business or for other reasons, thus leaving a net increase during the year of 3,566 companies, and making a total of about 88,000

companies on the English register on December 31st, 1923. The number of registrations in Scotland was 458, and the total number of companies on the register at the end of the year was 6,500.

Of the liquidations which were begun during the year 1923, 2,554 were voluntary liquidations, 13 were under the supervision of the Court, and 296 compulsory by Order of the Court. These include 15 cases of companies not registered under the Companies Acts and 4 cases in which proceedings were stayed.

The Board of Trade, under the powers vested in them by sect. 112 of the Companies (Consolidation) Act, 1908, appointed auditors in four cases where auditors had not been appointed at the annual general meeting. Eight applications were made for the appointment of an inspector under sect. 109 of the Act, but in none of these cases was any appointment actually made, four being withdrawn and four refused.

The provisions of the Limited Partnership Act continue to be utilised only to a very small extent, there having been 35 registrations in England during 1923 and none in Scotland. Since the year 1909 these registrations have never numbered so much as 100, and in the three years preceding 1923 they were 39, 64 and 43 respectively. This form of limited liability has never had much attraction for those engaged in commercial enterprise. It has most of the defects and few of the advantages possessed by a private limited company, hence the latter is in most cases preferred.

The Bankruptcy Report for the year 1923 has also been issued, and shows that the total insolvency during the year was very nearly the same as in 1922 as regards the number of cases, but about a third less both as regards the estimated liabilities and estimated assets. Of these insolvencies, 5,049 cases were liquidated by Bankruptcy proceedings and 1,808 under Deeds of Arrangement, the estimated liabilities under the former being £10,750,000 and under the latter £5,250,000. No particulars are available regarding Deeds of Arrangement in Scotland. The number of Sequestrations was 291 as against 259 in the preceding year, and the estimated liabilities were £707,000, as compared with £763,000 in 1922.

Of the bankruptcy cases 1,001 were liquidated by non-official trustees and the remainder by the Official Receiver. In eight cases objections to the appointment of trustees had to be considered, with the result that four of the appointments were confirmed, three were withdrawn upon information of the objection, and in one case a formal objection to the appointment was made. During the year only one trustee was removed from office, and no claims were made against guarantee societies in respect of defaults by trustees.

It is always interesting to note the nature of the offences charged against bankrupts convicted on trial. In 14 cases an undischarged bankrupt obtained credit to the extent of £10, and other offences which frequently occurred were:—Not delivering up all property (9 cases); not making full discovery of property (9 cases); omission in statement of affairs (9 cases); pledging property not paid for (8 cases); failing to explain loss (8 cases); failing to keep proper books (6 cases); and making false entries in books (2 cases).

An important judicial decision was given during the year 1923 in the case of *re Dombrowski*. The bankrupt although hopelessly insolvent had within three months of the filing of the bankruptcy petition transferred his business to a one-man company. Subsequently certain persons, who had no knowledge that the transfer was a fraudulent conveyance, advanced money to the company on the security of debentures. The transfer of the business to the company was held to be an Act of Bankruptcy and therefore void, and as the title of the trustee related back to the date of the transfer he became entitled to the assets, and the persons who had advanced the money on the debentures in good faith were left without any security. This is a striking instance of the danger of taking debentures in a one-man company without being fully acquainted with the whole of the circumstances.

Speaking at the anniversary dinner of the Cereals and Baltic Friendly Society, Sir R. Burton Chadwick, Parliamentary Secretary to the Board of Trade, said that the greatest handicap in trade competition was high cost. Every single process in handling goods cost vastly more than it did ten years ago. "I feel," said Sir Burton, "that the time has come when we must know more about the whole administration of our trade unions. We must know why it is that a good workman, if he chooses, cannot work as hard as he likes, produce as much as he can, thereby earning for himself a higher wage, and by his greater output cheapen the cost of the article he is producing, and so enable the trader to compete in the world's markets." This is a feature of trade unionism which strikes many people very forcibly, and which it would be well for the unions themselves to take into serious consideration.

It appears that the Inland Revenue Authorities are now calling upon the larger newspaper offices to furnish a return of "linage money" paid to correspondents. "Linage" is the term used for the payment of contributions at the rate of so much per line, and the object of the Inland Revenue no doubt is to provide a means of checking the Income Tax returns of the journalists concerned. But as the payments usually cover expenses as well as remuneration, the check may not be so easy as it appears on the face of it.

## Dominion Income Tax Relief.

LAST month we published examples of dividend warrants of public companies issued by the Board of Inland Revenue in relation to sect. 33 of the Finance Act, 1924, and amongst these examples were warrants where Dominion income tax relief had been obtained. This month we publish some correspondence one of our readers has had with the Inland Revenue on the same subject, the precise effect of which is not very easy to grasp without a careful study of the Finance Acts. The statutory provisions with regard to Dominion income tax relief are embodied in sect. 27 of the Finance Act, 1920, and are somewhat complicated. The important part of the enactment is sub-sect. 4 (b), which applies where no reciprocating arrangement is in force, and such we believe does not exist in the case of any of the larger Dominions. Sect. 33 of the Finance Act, 1924, which deals with dividend warrants, is merely designed to compel companies to state clearly the gross and net amount distributed, and thus afford the shareholders the information they require for preparing their income tax and super tax returns.

In considering this section it has to be borne in mind that there are two distinct classes of companies whose shareholders are concerned with Dominion income tax relief, viz:—

- (1) Companies registered in this country, deriving their profits either wholly or partly from the Dominions, and
- (2) Companies registered and carrying on business in the Dominions.

With regard to the former, the position is briefly that the companies are assessable on their gross income from the Dominions (i.e., their Dominion profits before deduction of Dominion tax) less the difference between the Dominion tax paid or payable and the United Kingdom relief in respect thereof in each of the three years coming into average. The effect of this generally is that the companies are assessed on the net income received plus the British relief. This will be clearer from the following example:—

Net Dominion income received ...	£7,500
Add Dominion tax ... ..	2,500
<hr/>	
Gross Dominion income ...	£10,000
Deduct difference between Dominion tax and British relief, namely:—	
Dominion tax ... ..	£2,500
British relief (say) ...	1,000
	<hr/>
	1,500
<hr/>	
Amount to come into average ...	£8,500

From the foregoing it will be seen that the Dominion tax figure of £2,500 is a cross entry, and



consequently the same result is arrived at by taking the net figure of £7,500 and adding the British relief of £1,000. Sometimes the circumstances are such that the British relief allowed exceeds the Dominion tax paid. In such cases no addition is made to the net income received from the Dominion. This is the position as between the Inland Revenue and the company. How the company deals with its own shareholders as regard deduction of tax is not a matter that directly concerns the Inland Revenue at all as they have already had their tax by assessing the company's profits. The question as to what deduction the company is entitled to make from its shareholders, and particularly its preference shareholders, was decided (after several conflicting judgments in other cases) by the decision of the Court of Appeal in the case of *Sheldrick v. South African Breweries, Limited*, which is discussed in our Professional Notes of December, 1922, the effect being that preference shareholders are entitled to participate in any Dominion income tax relief which the company has obtained. In other words, as between the company and its preference shareholders the company is not entitled to make a profit out of the Dominion income tax relief and thus benefit the ordinary shareholders.

As regards the second class of companies, namely, those registered and carrying on business in the Dominions, the Inland Revenue has no power to assess these companies so long as they are not controlled from the United Kingdom, and therefore they are merely concerned with shareholders in those companies who reside in this country and receive or become entitled to dividends. The dividends received are of course net dividends so far as Dominion income tax is concerned, because they are paid out of taxed income, and the Inland Revenue Authorities here deal with the shareholder's income in precisely the same way as they do with a company's income derived from a Dominion under No. 1 above, that is to say, the amount assessable for British income tax is the net dividend received plus the British relief, the figures being worked out on a three years average in the same way as profits under Schedule D. In some of the Dominions there is an Absentee Tax payable by persons not residing in the particular Dominion. This tax is charged as a direct assessment, and to that extent the dividends received are not net dividends.

Were it not that income derived from companies carrying on business in the Dominions has to be averaged for assessment purposes, it would be impracticable to apply the provisions of sect. 27 of the Finance Act, 1920, as explained above, because the relief to be arrived at would become part of the basis on which the calculation of that relief would depend. As the law stands, however, it is seldom that any difficulty arises in this respect. As regards cases under No. 2 (*i.e.*, where the Inland Revenue deals direct with the shareholder), the relief is half the sum of the combined income tax and super tax rate actually borne, or the actual rate of Dominion tax, whichever is the smaller.

Respecting the dividend warrants and the rate of income tax which should be deducted, it will thus

be seen that as between the company and its shareholders the only income tax that has to be taken into consideration is the net amount of British income tax borne, that is, the full rate less the Dominion tax relief. A further adjustment in the case of what is termed "free of tax" dividends is required because these dividends have to be increased to the equivalent of a gross dividend before dealing with the tax deductions. This is made clear by comparing examples 3 and 4 of the forms of dividend warrants appearing in our December issue. While the whole subject of Dominion income tax relief is far from simple, we think that with the explanation given above the interpretation to be placed upon the letter of the Board of Inland Revenue which appears in our columns this month should not present any serious difficulty.

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## Securities and Preferences in Bankruptcy.

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Two judgments of some importance have recently been given in relation to insolvency matters, one dealing with the position of secured creditors and the other with fraudulent preference. A general statement of the law may therefore be useful.

As regards securities in the hands of creditors, it is provided by sect. 167 of the Bankruptcy Act, 1914, that a "secured creditor" means a person holding a mortgage, charge or lien on the property of the debtor, or any part thereof, as a security for a debt due to him from the debtor. The Second Schedule of the Act of 1914 provides that if a secured creditor realises his security, he may prove for the balance due to him after deducting the net amount realised. If a secured creditor does not either realise or surrender his security, he shall, before ranking for dividend, state in his proof the particulars of his security, the date it was given, and the value at which he assesses it, and shall be entitled to receive a dividend only in respect of the balance due to him after deducting the value so assessed. The trustee may redeem or require to be sold a security so valued, and allow a secured creditor under certain conditions to amend his valuation and proof if made on a mistaken estimate. A secured creditor should comply strictly with the rules in the Second Schedule, as non-compliance therewith will exclude him from dividends. In the alternative, he may surrender his security and prove for the whole debt. The Second Schedule further provides that if a debtor was, at the date of the receiving order, liable in respect of distinct contracts as a member of two or more distinct firms, or as a sole contractor, and also as member of a firm, the circumstances that the firms are in whole or in part composed of the same individuals, or that the sole contractor is also one of the joint contractors, shall not prevent proof in respect of the contracts against the properties respectively liable on the contracts.

The Deeds of Arrangement Act, 1914, sect. 23, provides that any application by the trustee under a deed of arrangement for the benefit of creditors generally, or by the debtor, or by any creditor entitled to the benefit of such a deed, for the enforcement of the trusts or the determination of questions under it, is to be made to the Court having jurisdiction in bankruptcy in the district in which the debtor resided or carried on business at the date of the execution of the deed. But any question as to whether a person claiming to be a creditor entitled to the benefit of such a deed is so entitled, may be decided either by the Court having such jurisdiction or by the High Court.

In *re Dutton, Massey & Co.* (1924) 2 Ch., 199 the Court of Appeal has now decided what is the true meaning of "secured creditor." In this case two partners of a firm composed of three partners lodged securities belonging to their separate estates with a bank against advances made by the bank to the firm, and also became separately liable for those advances under personal guarantees. The partners afterwards made a deed of assignment to a trustee for the benefit of their creditors and stipulated in the deed that the rules as to joint and separate creditors should prevail as if the debtors had been adjudged bankrupt at the date of the deed of assignment. In such circumstances the Court held that the bank must estimate and value their securities, and if there should be a balance beyond the sum for which they held security the proof should be for the balance; in the case of the administration of the separate estates of the partners, the debts which were owing by them individually should be ascertained, and if the creditors had a security against each or any of these partners those securities should also be valued and proof made in respect of the balance.

This rule as to proof is based upon the principle that a creditor should not be allowed to prove against a bankrupt's estate and retain a security which if given up would go to augment the estate against which he proves. There is a clear distinction between joint and separate estate in which for particular purposes the two obligations are treated as separate. "A debt due from the debtor" means a debt due from the debtor separately and severally, and does not mean a debt due from the debtor jointly with other persons. The principle in bankruptcy that a creditor cannot prove against the estate of a bankrupt and retain a security which if given up would go to augment the estate against which he proves, does not apply to a case where the security is for a different debt. The bank is, in such circumstances, entitled to prove on the guarantees against the separate estates of the respective partners without valuing or accounting for the securities held by them for the joint debt.

The complicated subject of fraudulent preference has had a new feature introduced by the decision in the case of *re Morant*. In order to secure an equal division of a bankrupt's property amongst his creditors the Bankruptcy Act, 1914, sect. 44 (1), provides: "Every conveyance or transfer of property, or charge thereon made, every payment made, every obligation incurred, and every judicial proceeding

taken or suffered by any person unable to pay his debts as they become due from his own money in favour of any creditor, or of any person in trust for any creditor, with a view to giving such creditor, or any surety or guarantor for the debt due to such creditor, a preference over the other creditors, shall, if the person making, taking, paying or suffering the same is adjudged bankrupt on a bankruptcy petition presented within three months after the date of making, taking, paying or suffering the same, be deemed fraudulent and void as against the trustee in the bankruptcy." A fraudulent preference constitutes an act of bankruptcy. Undue preference has a wider meaning than fraudulent preference in sect. 44, and may apply to a transaction which could not be set aside under that section (*re Skegg* (1890) 25 Q.B.D., 505). It is an undue preference where an insolvent debtor on the eve of his bankruptcy pays a creditor in full, though that creditor would probably in the bankruptcy get a similar preference (*re Bryant* (1895) 1 Q.B., 420). The bankrupt's discharge may be affected by an undue preference (Act of 1914, sect. 26 (3) (i)). The transaction must be with a creditor intended to be preferred, and the relation of creditor and debtor is essential. The latest decision however is that if an agent in good faith receives and pays over money to creditors, he cannot be made personally liable to the trustee (*re Morant* (1924) 1 Ch., 79).

To establish that a transaction is a fraudulent preference it is necessary to prove that it was carried out with the substantial or dominant view of giving the creditor a preference over the other creditors, i.e., putting the creditor in a better position relatively to the other creditors than that in which he would be placed by bankruptcy law. It is immaterial whether the debtor may have been actuated by other motives as well (*ex parte Griffith* (1883) 23 Ch.D., 69). If the act was done voluntarily, i.e. without pressure, by the debtor it is fraudulent. But the pressure which the creditor must prove is a real *bonâ fide* pressure, and there is no such pressure where a debtor informs his creditor that he cannot hold out, or that he is about to become bankrupt, and thereupon the creditor threatens him with an action; in such a case it is obvious that that pressure could have no real effect, and that the payment or transaction sought to be set aside was not made or entered into in consequence of it (*ex parte Hall* (1882) 19 Ch.D., 580). "It is an exceedingly difficult thing to arrive at an opinion as to what is the dominant or operative motive of a man in doing a particular act. But if we are to consider whether amongst all the shadows which pass across a man's mind some view as well as the dominant view influenced him to do the act, we shall be embarking on a dark and unknown voyage across an exceedingly misty sea. It is a very difficult matter to prove that the dominant motive was the sole motive, and the true test is this: (a) Had the debtor a view of giving a preference to the creditor? and (b) was that the operative effectual view?" (*ex parte Hill* (1883) 23 Ch.D., 704).

The following, *inter alia*, have been held not to be fraudulent preferences: Payments made by a debtor



in the belief that he is under a legal obligation to pay, or to save himself from exposure, or a criminal prosecution, even though there had been no threat, or to revive an undisputed debt so that it may not be barred by statute. Where the bankrupt's dominant motive was not to prefer a creditor, but to repair a wrong done by a breach of trust, was also held not to be a fraudulent preference (*re Lake* (1901) 1 Q.B., 710).

A payment made by a company to a principal creditor with the intent to prefer the guarantor of the debt so paid may be recovered by the liquidator in the winding up of the company from the person actually preferred (*re Stanley* (1924) 59 L.J.N., 568). The words in sect. 44 (1) "or any surety or guarantor for the debt due to such creditor" were inserted in the Act of 1914 to enable a trustee to recover payment from the person preferred. Prior to the Act of 1914 a payment to a principal creditor with the intent to prefer the guarantor of the debt so paid could not be recovered either from a principal creditor or the guarantor.

When a trustee in bankruptcy proves that the debtor was insolvent at the time when he made the payment that is impeached as a fraudulent preference, the onus of proof shifts, and the party supporting the payment must show that it was not made with the view of preferring him (*re Eaton* (1897) 2 K.B., 16). When a trustee in bankruptcy impeaches a payment made by the bankrupt as a fraudulent preference the onus of proof of intention to prefer lies upon the trustee, and it is not for the respondent to prove absence of intention to prefer after the trustee has proved that the bankrupt knew he was insolvent at the time when he made the payment impeached (*re Laurie* (1898) 46 W.R., 191). In *Bulteel v. Parker* ((1916) 32 T.L.R., 661) *re Laurie, ante*, was followed, dissenting from *re Eaton, ante*. The balance of authority seems to be in favour of holding that the trustee must give some evidence of a view to prefer on the part of the debtor other than the mere fact that he was insolvent. In *re Hoyle* ((1924) B.& C.R., 22) it was held that in establishing a case of fraudulent preference, in addition to giving evidence of insolvency, the trustee must give some evidence of a view to prefer.

#### COMPARISON OF RATES, &c., IN TOWNS AND URBAN DISTRICTS.

Mr. W. Allison Davies, F.S.A.A., Borough Treasurer of Preston, has issued his usual comparative table of the rates levied in the various towns and urban districts in England and Wales for the municipal year 1924-25. The information is classified under County Boroughs, Boroughs and Urban Districts, and the table shows the population, rateable value, total rates levied, rate per head of population, the charges made for gas, water and electricity, and the extent to which the rates have been increased or decreased by the profits or losses made on these undertakings. The table likewise gives a sub-division of the rates showing the various purposes to which they have been applied, and for comparison the total rate levied for the preceding year is also recorded.

### Society of Incorporated Accountants and Auditors.

#### MEMBERSHIP.

The following additions to, and promotion in, the Membership of the Society have been completed since our last issue:—

#### ASSOCIATE TO FELLOW.

BUNN, ROBERT WILLIAM EDWIN, Borough Accountant, The Guildhall, Cambridge.

#### ASSOCIATES.

ECCLESTON, RUPERT ALFRED, Clerk to Vaughan & Gregg, Lloyds Bank Buildings, King Street, Manchester.

HODGES, WILFRED FORBES, Clerk to D. L. Sellers, 27, Portland Street, Southampton.

JERNY, CECIL WALTER, Clerk to Martin & Acock, London and Westminster Bank Chambers, 69, London Street, Norwich.

LIGGETT, MALCOLM, Clerk to Alfred Nixon, Son & Turner, 31, Victoria Buildings, St. Mary's Gate, Manchester.

LINKEN, GEORGE EDWARD ERNEST, Clerk to W. B. Peat & Co., 11, Ironmonger Lane, London, E.C.

RANDLE, ERNEST, Clerk to Alfred G. Deacon & Co., 60 and 62, Spring Gardens, Manchester.

RAUCH, ANDREW, Clerk to Saunders, Bobart & Saunders, Gresham College, Basinghall Street, London, E.C.

SENGUPTA, PRAFULLA CHANDRA, B.Sc., Clerk to S. R. Batliboi & Co., 9, Grant's Lane, Calcutta.

SONI, BAL BIR SINGH, B.A., Clerk to Fellows, Crabb & Co., 5, Nicholas Lane, Lombard Street, London, E.C.

TAYLOR, MAURICE EDWARD, Clerk to Lawrie & Todd, Bank Offices, 3, Granby Street, Leicester.

#### AUDIT CERTIFICATE FOR LLOYD'S UNDERWRITERS.

There is published in the *London Gazette* of December 23rd an amended form of audit certificate in relation to the accounts of Lloyd's underwriters carrying on fire and accident business, which is to be substituted for the form of certificate set out in the Order dated June 6th, 1910. The new certificate is as follows:—

#### TO THE COMMITTEE OF LLOYD'S.

We have examined the books for the above accounts for the year ending 31st December, 1924, in accordance with the "Instructions for the Guidance of Auditors," dated 10th December, 1924, drawn up by your Committee, and approved by the Board of Trade. In our opinion, so far as the liabilities and assets shown in the books are concerned, the assets shown in the books and those deposited with Lloyd's Committee and those since provided, belonging to each name, are correctly valued and available and sufficient to meet his liabilities as therein shown, and to wind up his outstanding underwriting accounts. The liability of the current underwriting accounts has been calculated on the basis as directed in the "Instructions for the Guidance of Auditors."

We have verified by actual inspection or bankers' certificate investments and cash at the bankers at 31st December, 1924, and have compared the brokers' balances with the ledger, and in arriving at the brokers' balances, discount has been taken into account and provision made for any debts whose recovery in full is doubtful. The funds also are held in trust in the names of two trustees who are both living, under a Deed of Trust duly executed and approved by your Committee, and in accordance with the terms of such Deed.

All the information we required has been supplied to us, and so far as our examination of the books has gone, they appear to have been properly kept.

Dated

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(Signed).....  
Accountants approved by the  
Committee of Lloyd's.



## CORPORATION OFFICIALS AND ARTICLED CLERKS.

Last month an action for libel was heard in the King's Bench Division by Mr. Justice Roche and a special jury, in which Mr. Thomas Thompson, F.S.A.A., Borough Treasurer, Stoke-on-Trent, claimed damages against Mr. Andrew Maclaren, M.P., the Editor of the *Labour Chronicle*, Mr. C. Austin Brook, a member of the Borough Council, and others. The libel was contained in an article in the *Labour Chronicle* of February 1st, 1924, which purported to report a meeting of the Finance Committee of the Council at which recommendations for increases in the salaries of certain members of the Corporation staff came up for consideration. Neither the press nor the public were admitted to the meeting. The part of the article complained of was as follows:—

### CORPORATION OFFICIALS' SALARIES.

#### FACTS THE RATEPAYERS OUGHT TO KNOW.

After the Borough Treasurer had eulogized certain members of his staff, he was asked the following straight questions:—

Councillor Brook.—Have any members of your staff paid a premium on their engagement?

Borough Treasurer (with hesitancy).—Yes, one!

Councillor Brook.—How much?

Borough Treasurer.—£200!!!

Alderman Elliott.—Who got it?

Borough Treasurer.—I did!!!

Then followed in heavy black type:—

The present remuneration of the Borough Treasurer is:—Salary, £1,000; bonus, £219 12s. 10d.; and an increase of £50 is being recommended this week.

Then in ordinary type:—

After some explanation the Borough Treasurer was asked to state definitely whether a premium had been paid on behalf of any other members of his staff, and he definitely replied in the negative. We hope that this is true. . . . We commend these things to the serious consideration of the ratepayers. . . . The responsible persons are those who by their votes place the power in the hands of men and women who are prepared to condone these things.

In his evidence Mr. Thompson said that he had been asked by the Ministry of Labour to accept an ex-Army officer as a pupil for four years, and after obtaining the permission of the Council he did so and received a premium of £200. At the date of the meeting of the Finance Committee this clerk was receiving a salary of £100 plus £71 bonus, and was recommended for an increase of £25. The report of the proceedings at the meeting of the Finance Committee as given by the *Labour Chronicle* differed materially from the shorthand notes taken by Mr. Bedale, the committee clerk, whose version was corroborated by other witnesses for the plaintiff. The jury's answers to two preliminary questions were as follows:—

(1) Is Bedale's account of what was said on January 3rd substantially true?—Yes.

(2) Is what was said in the article substantially true?—No.

Subsequently they returned the following answers to three further questions:—

(3) Is the account mentioned in question No. 2 defamatory of the plaintiff?—Yes.

(4) Are the comments in the article complained of fair?—No.

(5) What damages, if any?—£100.

The jury added a rider that they would like representations to be made to the proper authorities that they should consider the system and practice of allowing corporation officials to accept articled pupils. The foreman explained that their idea was that if pupils were accepted they should be taken on their merits and without premium. His Lordship expressed agreement with the jury and gave judgment for the plaintiff with costs, refusing an application for stay of execution.

## PUBLIC AUDITORS

### Under the Friendly and Industrial and Provident Societies Acts.

The Lords Commissioners of His Majesty's Treasury have been pleased to appoint the following Incorporated Accountants to act as Public Auditors for Great Britain for the year ending December 31st, 1925, under the provisions of the Friendly Societies Act, 1896 (59 & 60 Vict., cap. 25), and the Industrial and Provident Societies Acts, 1893 to 1913 (56 & 57 Vict., cap. 39, and 3 & 4 Geo. V, cap. 31), viz:—

Acock, R. G., Wayland Hall, Watton, Norfolk.  
 Alban, F. J., Central Chambers, Newport, Mon.  
 Alexander, J. H., Atlas Chambers, King Street, Leeds.  
 Alexander, P., 43, Chancery Lane, London, W.C.  
 Allen, H. J., 37, Surrey Street, Sheffield.  
 Andrews, E., Diocesan Rooms, 13, Eastgate Row North, Chester.  
 Antoine, B. W., 2, The Mall, Ealing, London, W.  
 Armson, G. A., Bank House, 95, High Street, Lewisham, London, S.E.  
 Armstrong, J., 22, Station Road, Workington.  
 Armstrong, J. W., 2, Collingwood Street, Newcastle-on-Tyne.  
 Arnold, C., 12, Wellington Road, Rhyl.  
 Ashworth, W., 7A, Yorkshire Street, Burnley.  
 Aspray, N., "Olney," Middlefield Lane, West Hagley, Worcs.  
 Atkins, J. R., 76, Derby Street, Macclesfield.  
 Atkinson, W. G., Loddington House, 42, Albert Street, Rugby.  
 Avison, O., 1, Cloth Hall Street, Huddersfield.  
 Barrowcliff, C. P., 55 & 57, Albert Road, Middlesbrough.  
 Bartlett, R. W., 24, Bridge Street, Newport, Mon.  
 Bausor, H., 20, Ebers Grove, Mapperley Park, Nottingham.  
 Bayliss, W. M., 16, Broad Street, Oxford.  
 Beecroft, T., 8, East Parade, Leeds.  
 Beer, W. W., 17, Bedford Circus, Exeter.  
 Benbow, L., 2A, Sheep Street, Northampton.  
 Bennett, C. H., 741-743A, Salisbury House, London Wall, London, E.C.  
 Bennett, E. L., 31 & 32, Broad Street Avenue, Blomfield Street, London, E.C.  
 Bicker, E., Lloyd's Bank Chambers, 45 & 47, Old Christchurch Road, Bournemouth.  
 Binns, J., Exchange Buildings, Mirfield.  
 Black, W. C., 147, High Street, Newport, Isle of Wight.  
 Blandford, E. W. E., 227/228, Gresham House, Old Broad Street, London, E.C.  
 Blythen, S., Victoria Chambers, Long Eaton.  
 Bowen, G. B., 22, Wind Street, Swansea.  
 Bradley, E. R., 584, Christchurch Road, Boscombe.  
 Branson, R. M., Prudential Chambers, Grey Friars, Leicester.  
 Brazier, A. G., 15, Woodstock Road, Croydon.  
 Brewer, A. H., 3, Wood Street, Queen Square, Bath.  
 Broadbent, J. W., 36, Clegg Street, Oldham.  
 Brodie, J. P., Moor House, Moorland Road, Burslem, Stoke-on-Trent.  
 Bromfield, J. H., 130, Powke Lane, Blackheath, Birmingham.  
 Bromley, J. W., Winton Place, 19, Knowles Road, Batley.  
 Brown, E. T., Gresham Chambers, Lichfield Street, Wolverhampton.  
 Buckle, C. D., 25, Cheapside Chambers, Bradford.  
 Buckley, A. N., Union Chambers, 45 & 47, Commercial Street, Halifax.  
 Bull, E., Bank Chambers, Devizes.  
 Burgess, G. W., 14, St. Mary Axe, Leadenhall Street, London, E.C.  
 Burlinson, W. D., Union Bank Chambers, Batley.  
 Burn, J. F., Trafalgar Buildings, 1, Charing Cross, London, W.C.  
 Bush, B., 34, Grey Street, Newcastle-on-Tyne.  
 Butler, J., 26, East Parade, Leeds.  
 Carr, E. R., Rowton Buildings, 11, Bowling Green Street, Leicester.  
 Carr, W., 27, Regent Street, Barnsley.  
 Cattell, W. C., Bank Chambers, High Street, Kettering.

- Cessford, J. C., 15, Queen Street, Edinburgh.  
 Chadwick, A., 16, Bolton Street, Bury, Lancs.  
 Claridge, C. E., 53, Well Street, Bradford.  
 Claridge, William, 53, Well Street, Bradford.  
 Clark, W., County Bank Chambers, Bradshawgate, Leigh, Lancs.  
 Clarke, F. N., 4, Pavilion Buildings, Brighton.  
 Clarke, S. W., 31, Castle Hill, Lancaster.  
 Clarkson, J. P., 16, Devonshire Square, Bishopsgate, London, E.C.  
 Clarkson, P. D. J., 19, Winckley Square, Preston.  
 Clayton, W., 10, Milton Chambers, Milton Street, Nottingham.  
 Cliffe, E., c/o Keens, Shay, Keens & Co., Great Western Street, Aylesbury.  
 Clinch, S. H., 119, Moorgate, London, E.C.  
 Clough, N., Old Bank Chambers, Cleckheaton.  
 Clutterbuck, S. E., 31, Queen Street, Cardiff.  
 Coates, F. W., 10, Albert Road, Middlesbrough.  
 Cooper, D., 273, Frederick Street, Oldham.  
 Cooper, W. H., St. Stephen's House, 2, Coleman Street, London, E.C.  
 Costello, J. E., 90, Cannon Street, London, E.C.  
 Crocker, W. H., 20-23, Pearl Buildings, Portsmouth.  
 Crompton, W., 380-386 & 351-353, Produce Exchange, Hanging Ditch, Manchester.  
 Crowe, S. E., 1, Albion Street, Leeds.  
 Crowther, E., 10, Regent Street, Barnsley.  
 Cryer, M. P., Old Bank Chambers, Keighley.  
 Cunliffe, A. R., Station Buildings, 24, Railway Street, Nelson.  
 Daffern, T. M., Economic Chambers, Little Park Street, Coventry.  
 Davey, H., 1, Barstow Square, Wakefield.  
 Davies, T., 18, Dunraven Place, Bridgend, Glam.  
 Davis, H. V., 30, Chamberlain Street, Wells.  
 Deacon, A. G., National Chambers, 4, Horsefair Street, Leicester.  
 Dowding, J. B., 5, Corn Square, Leominster.  
 Drowley, G., "Verwood," Gloucester Road, Hampton, Middlesex.  
 Dudbridge, J. S., 8, Lansdown, Stroud, Glos.  
 Dudbridge, S., 8, Lansdown, Stroud, Glos.  
 Dunlop, R. T., 45, Renfield Street, Glasgow.  
 Dyer, C. E., 32, Milton Park, Highgate, London, N.  
 Dyer, S. A., 5, Fenwick Street, Liverpool.  
 Eaves, W., 15, Fountain Street, Manchester.  
 Ednie, A., 7, St. Paul's Square, Bedford.  
 Edwards, A. R., 22, High East Street, Dorchester.  
 Edwards, H., 61, Wind Street, Swansea.  
 Elgar, W. D., 9, King's Bench Walk, Temple, London, E.C.  
 Elliott, E. A., 1A, William Street, Heywood, Lancs.  
 Ellworthy, J. M., Norfolk House, Laurence Pountney Hill, Cannon Street, London, E.C.  
 Eltringham, A., 20, Fowler Street, South Shields.  
 Evans, H. R., 17, George Street, St. Helens.  
 Evans, T. A., Ffrwd Offices, Mountain Ash.  
 Evershed, A. E., 51, High Street, Chorley, Lancs.  
 Fearnhead, J., 20 & 22, High Street, Chorley, Lancs.  
 Feek, A. J., High Street, Pershore, Worcester.  
 Ferneyhough, M. P., 77, Chaplin Road, Longton, Staffs.  
 Field, S. J., 17, Shaftesbury Avenue, London, W.  
 Flawn, S. J., 35, Hamilton Crescent, Palmers Green, London, N.  
 Ford, W. J., 28, Baldwin Street, Bristol.  
 Fortune, G. W., 26, Forrest Road, Edinburgh.  
 Foster, S. E., 29, Bank Street, Ashford, Kent.  
 Fox, F. W., 14, King Street, Leicester.  
 Freeborough, J. H., 25, Figtree Lane, Sheffield.  
 Fry, F. W., 27, Clement's Lane, London, E.C.  
 Gair, R., Star Buildings, Northumberland Street, Newcastle-on-Tyne.  
 Gardiner, F. C., Barclays Bank Chambers, Scarborough.  
 Gardiner, H. T. Gore, 50, Cawley Road, London, E.  
 Garner, R. A. G., 15, Elmwood Avenue, Feltham, Middlesex.  
 Gaunt, W., 47, Park Square, Victoria Square, Leeds.  
 Girling, A. F. J., Eldon Buildings, 20, Eldon Street, Barnsley.  
 Glover, J. H., 6, Priory Place, Doncaster, Yorks.  
 Goulding, E. S., 19, Sweeting Street, Liverpool.  
 Gowen, H. P., 7, Queen Street, Norwich.  
 Gradon, G. J., 43, Gower Street, Bedford Square, London, W.C.  
 Grassam, J., 32, Alliance Avenue, Anlaby Road, Hull.  
 Greenhalgh, T., Empress Chambers, 97, Church Street, Blackpool.  
 Greenwood, A., 20, Bond Street, Dewsbury.  
 Griffin, C. E. B., Bank Chambers, 8, Church Street, St. Helens.  
 Griffin, G. R., Newton Chambers, 43, Cannon Street, Birmingham.  
 Griffith, F., Barclays Bank Chambers, Kendal.  
 Griffiths, J. P., 10, Clarence Place, Bute Docks, Cardiff.  
 Grimwood, J., St. Stephen's House, 2, Coleman Street, London, E.C.  
 Groves, T. J., 20, Scarborough Street, West Hartlepool.  
 Hackett, P. R., 36, Cannon Street, Birmingham.  
 Hall, J., 31, Dyer Street, Kirkham, Preston.  
 Hall, W. G., 36, Camomile Street, Bishopsgate, London, E.C.  
 Hallett, A., Westminster Buildings, Regent Street, Wrexham.  
 Hanson, C., "The Haven," Woburn Sands, Bucks.  
 Hanson, F. W., Jessop Street, Castleford, Yorks.  
 Hargreaves, F., Bow Chambers, 55, Cross Street, Manchester.  
 Harlow, E., Grosvenor Chambers, 23, King Street, Nottingham.  
 Harper, F. C., 27, Chancery Lane, London, W.C.  
 Harris, W. A., 3, George Street, Pontypool, Mon.  
 Harrison, C. D., 22, Birley Street, Blackpool.  
 Harrison, E., 6, Queen's Square, Newcastle-on-Tyne.  
 Harrison, H. C., Waterloo Buildings, 15, Hagley Road, Stourbridge.  
 Hayes, T. W., 13, Albion Street, Hanley, Staffs.  
 Hayhow, G. S., 23, Tuesday Market Place, King's Lynn.  
 Heatley, R., Temple Chambers, 33, Brazennose Street, Manchester.  
 Heckels, R. D., 65, Coleraine Road, Westcombe Park, Blackheath, London, S.E.  
 Henderson, A., 62, Cross Street, Fraserburgh.  
 Henderson, H. S., Temple Courts, 55, Temple Row, Birmingham.  
 Henderson, J. H., East Parade Chambers, Leeds.  
 Hepburn, A. E., 5, Winchester House, Beaufort Street, Chelsea, London, S.W.  
 Hill, E. E., 26, High Street, Cardiff.  
 Hirst, G. L., 8, Bond Street, Dewsbury.  
 Hirst, J. W. A., 28, Queen Street, Albert Square, Manchester.  
 Hitchins, J. A., 14, Alcester Road, Moseley, Birmingham.  
 Hobbs, A. M., 64, Great Portland Street, London, W.  
 Hodge, H., Market Street Chambers, Kettering.  
 Hollows, R., Bank Chambers, Wallgate, Wigan.  
 Holman, W. J., 11, Queen Victoria Street, London, E.C.  
 Holmes, H., Ropergate End, Pontefract.  
 Holmes, J. T. L., Woodland Chambers, Colwyn Bay.  
 Homersham, Miss M. M., 106, St. Clement's House, Clement's Lane, London, E.C.  
 Horsfield, A., Silver Street Chambers, Bury.  
 Hort, J. H., 208, Stanley Road, Bootle.  
 Howarth, T., High Street, Bala, North Wales.  
 Hubbard, F. L., 41, Havelock Road, Hastings.  
 Hughes, W., 3, Manor Place, Sunderland.  
 Hurst, J. W., 35, Silver Street, Lincoln.  
 Hustwick, W., 17, Swaine Street, Bradford.  
 Hutcheson, G. W., 44, Biddulph Mansions, London, W.  
 Ingram, A. J., 50, Frederick Street, Sunderland.  
 Jack, W. H., 38, Bath Street, Glasgow.  
 Jennings, F., Borough Chambers, Neath.  
 Jessap, C. T., Barlow Chambers, Lumley Road, Skegness.  
 Jewitt, W., "Gazette" Office Buildings, Bridge Road, Stockton-on-Tees.  
 Johnson, A. E., 36, Rathbone Place, Oxford Street, London, W.  
 Johnson, A. J., 35, Southgate Street, Winchester.  
 Johnson, S., 5, Lower Temple Street, Birmingham.  
 Johnstone, W., Central Chambers, High Street, Kidderminster.  
 Jones, E. F., 4, Fenchurch Avenue, London, E.C.  
 Judge, W. A., High Street, Skipton.  
 Keens, T., 11, George Street West, Luton.  
 Kenyon, F. T., L.J.C. and M. Bank, Penrith.  
 Kettridge, C. L., 1, London Wall Buildings, London, E.C.  
 Keys, Clement, Athenaeum Chambers, 71, Temple Row, Birmingham.  
 Kilby, F., Drury Chambers, Market Square, Northampton.  
 King, G. C., 110, Edmund Street, Birmingham.  
 Kirby, N. F., Andrews Buildings, 67, Queen Street, Cardiff.  
 Lacey, H. J., 6, South Quay, Great Yarmouth.  
 Lake, J., Gower Chambers, Swansea.  
 Lambert, W. E., "Bathurst," 169, Earlham Grove, Forest Gate, London, E.  
 Lapiush, J. B., Pearl Chambers, East Parade, Leeds.  
 Larder, C., Camomile Street Chambers, Bishopsgate, London, E.C.



- Larking, R. C., Commercial Chambers, Orford Place, Norwich.  
 Lashmore, C. S., 2, Church Street, Cardiff.  
 Laverick, M., Midland Bank Chambers, St. Thomas Street, Sunderland.  
 Law, E. I., Kingscourt, Bridge Street, Walsall.  
 Lawson, G. R., 20, Exchange Buildings, Bradford.  
 Laycock, S., Barclays Bank Chambers, North Street, Keighley.  
 Leah, H. B., 9, Warren Street, Stockport.  
 Lee, F., Market Cross Chambers, Huddersfield.  
 Liversidge, H. G., Imperial Buildings, Rotherham.  
 Lloyd, W., 19, Priory Street, Dudley, Worcestershire.  
 Lloyd-Roberts, J., Public Audit Offices, 2, Church Street, Carnarvon.  
 Lock, F. J., 48, Oxhey Avenue, Watford.  
 Lord, J. H., Bank Buildings, Bacup.  
 McCutcheon, R. T., 2, West Regent Street, Glasgow.  
 McDonald, T. W., 111, Moorgate, London, E.C.  
 MacFarlane, R., 114, West Campbell Street, Glasgow.  
 Macintyre, A., Muirbrow Chambers, 120, Cadzow Street, Hamilton.  
 Mahon, F., 4-5, Oriental Chambers, Doncaster.  
 Mair, A. J., 5, Frederick Street, Sunderland.  
 Malthouse, G., 7, Greek Street, Leeds.  
 Marriott, G. A., 9, Albert Square, Manchester.  
 Marshall, S. W., 107a, Mortimer Street, Herne Bay.  
 Mason, E. H., 9, Clarence Street, Cheltenham.  
 Mawson, J. D., 44, Mill Road, Epsom.  
 Mayhew, W. O., 62, Oxford Street, London, W.  
 Merchant, H. A., 10, The Broadway, Ealing, London, W.  
 Metcalfe, S., 59, St. Paul's Street, Leeds.  
 Middleton, G. H. (Junr.), Erskine Chambers, 13, Grainger Street West, Newcastle-on-Tyne.  
 Millman, H. T., Prudential Chambers, Grey Friars, Leicester.  
 Milne, Robert, 68, Bath Street, Glasgow.  
 Mock, W. J., County Hall, Truro.  
 Moger, J. R., Lancashire and Yorkshire Bank Chambers, Cleckheaton, Yorks.  
 Morgan, E. C., Crown Chambers, Newtown, Montgomery.  
 Morris, H. B., 20-23, Pearl Buildings, Portsmouth.  
 Moss, F., Market Place, Ashton-under-Lyne.  
 Moulton, P. A., 21, Regent Street, Barnsley.  
 Moustardier, M., 69, Downs Road, Clapton, London, E.  
 Mullens, G. G., 25, Station Road, Port Talbot.  
 Nash, A. C., Swan Chambers, Cophall Avenue, London, E.C.  
 Naylor, J., 8, Richmond Terrace, Blackburn.  
 Neill, A., London County and Westminster Bank Chambers, 76, Kingsland High Street, London, E.  
 Nelson, C. Hewetson, 43, Castle Street, Liverpool.  
 Newbold, M., Crown Buildings, Loseby Lane, Leicester.  
 Nicholl, E., 22, Lansdowne Road, West Didsbury, Manchester.  
 Norfolk, W. J., 8, East Stockwell Street, Colchester.  
 Oates, G. G., 4 & 5, Oriental Chambers, Doncaster.  
 Oddie, W. M., Springstone House, Oasett, Yorks.  
 Oldfield, J. W., Rose Grove, Mytholmroyd, Yorks.  
 Oldman, A. S., 27, North Albert Street, Fleetwood, Lancs.  
 Page, J. C., Produce Exchange Buildings, 8, Victoria Street, Liverpool.  
 Palmer, A. J., 105, West Street, Fareham, Hants.  
 Palmer, E. H., Bentinck Buildings, Wheeler Gate, Nottingham.  
 Palmer, George, Guildhall Annexe, 23, King Street, London, E.C.  
 Paterson, James, 13, Hamilton Street, Greenock.  
 Payne, W. H., 8 & 9, Martin Lane, Cannon Street, London, E.C.  
 Pearce, M. E. J., 102, High Street, Poole, Dorset.  
 Pearson, W., 5, Godwin Street, Bradford, Yorks.  
 Peveler, R., 1, Princes Street, Harrogate.  
 Platts, T. H., 32, Union Street, Birmingham.  
 Pocock, B. G., 90, Leith Mansions, Maida Vale, London, W.  
 Polwarth, J. B., 30 & 31, Queen Street, London, E.C.  
 Prior, F. A., Pelham House, Pelham Street, Nottingham.  
 Procter, S., County Bank Chambers, 41, Burnley Road, Padiham, Lancs.  
 Pugh, A. E., 19, Carlton Chambers, High Street, Newport, Mon.  
 Pugh, H. G., Oswyn House, 20, Oswald Road, Oswestry.  
 Rawlinson, E. B., Netherwood Chambers, 1A, Manor Row, Bradford.  
 Rees, W. H. S., 1, Charlesville Place, Neath, S. Wales.  
 Revell, H. W., Prudential Buildings, New Street, Huddersfield.  
 Revell, T., Standard Buildings, City Square, Leeds.  
 Reynolds, J. W., 49, Bank Street, Bradford.  
 Rhodes, J., 31, Manor Row, Bradford.  
 Riches, E. J., 12, Bank Street, Norwich.  
 Ridsdale, G. R., Midland Bank Chambers, Bridge Street, Walsall.  
 Riley, H., 22, Park Row, Leeds.  
 Ritchie, P. G., 38, Bath Street, Glasgow.  
 Robathan, P. E., Imperial Buildings, Mount Stuart Square, Cardiff.  
 Roberts, G. W., 2, Guildhall Chambers, 31-34, Basinghall Street, London, E.C.  
 Rodger, T., 21, Pilgrim Street, Newcastle-on-Tyne.  
 Rollinson, C. E., Westgate Chambers, Newport, Mon.  
 Rowland, F. S., 18, Orchard Terrace, Chester-le-Street.  
 Scarlett, C. S., 5, Cecil Square, Margate.  
 Schofield, A., 112, Albion Street, Leeds.  
 Scott, W., 4, Hutchison Avenue, Edinburgh.  
 Shaw, E. B., Imperial Chambers, 43, New Street, Huddersfield.  
 Shepherd, J. W., 78, King Street, Manchester.  
 Sievwright, W. B., Royal Bank Buildings, Kinnoull Street, Perth.  
 Simmonds, H. J., 1, Tremadoc Road, Clapham, London, S. W.  
 Sisling, A. E., 9, Clintan Street, West Nottingham.  
 Slater, H., 5, St. Andrew's Street, Cambridge.  
 Slater, J. T., 11, Queen Street, Oldham.  
 Smith, Joseph, "Kenwyn," 90, Kenwyn Road, Ellacombe, Torquay.  
 Smith, W., 66, Mark Lane, London, E.C.  
 Snow, W. K., 55, Quarry Street, Guildford.  
 Soddy, R. J., 122, Terminus Road, Eastbourne.  
 Sowerbutts, T. W., 16, St. Mary's Parsonage, Manchester.  
 Sparrow, G. W., 13-16, Corridor Chambers, Leicester.  
 Stallwood, O., 26, Martin Lane, Cannon Street, London, E.C.  
 Starkie, R. E., 6, South Parade, Leeds.  
 Stephens, F. W., 26-30, Salisbury House, London Wall, London, E.C.  
 Stephenson, Joseph, Queen Street Chambers, Peterborough.  
 Stoker, T. A., Central Chambers, 41-43, Albion Street, Leeds.  
 Storey, R. G., 8, Oxford Chambers, St. Stephen Street, Bristol.  
 Stott, W., 4, Carlton Range, Gorton, Manchester.  
 Sturges, H. H., 1, Guildhall Chambers, 31, Basinghall Street, London, E.C.  
 Swallow, E., Bank Chambers, Market Place, Peterborough.  
 Tamplin, J., Westgate Chambers, Newport, Mon.  
 Tate, W., 9, Central Bank Chambers, Leeds.  
 Tessier, A. N., 3, Monument Street, London, E.C.  
 Thomas, D. B., Post Office Chambers, Merthyr Tydfil.  
 Thurgood, James, 104, West End Avenue, Doncaster.  
 Timmis, P. F., Bank Chambers, High Street, Tunstall, Stoke-on-Trent.  
 Townsend, C., 8, Parkinson Chambers, Market Street, Bradford.  
 Townsend, H., 16, Weston Park, Crouch End, London, N.  
 Tullett, W., Post Office Chambers, Northgate, Darlington.  
 Tyler, G. H., Newton Chambers, 43, Cannon Street, Birmingham.  
 Vizard, L., 2, Clarence Parade, Cheltenham.  
 Vizard, L. N., 2, Clarence Parade, Cheltenham.  
 Walker, G. H., 37, Southgate, Halifax.  
 Walker, Percy H., 4, Park Place, Cardiff.  
 Walker, B. B., 1, Richmond Terrace, Blackburn.  
 Walker, W., 7, Greek Street, Leeds.  
 Wallace, W. D., 48, Loughborough Road, Kirkcaldy.  
 Walters, E. S., 16, Brookfield Park, Highgate Road, London, N.W.  
 Walters, W. L. J., Masonic Chambers, Gillingham, Dorset.  
 Walters, W. T., Middle Street, Yeovil.  
 Walton, A., 7, Bond Place, Leeds.  
 Ward, A., 21, Bridge Street, Bradford.  
 Wareing, J., 11, Chapel Street, Preston.  
 Warmington, W. H., Overbury, Tewkesbury.  
 Warren, F. J., 3, Victoria Place, Haverfordwest.  
 Watson, A., County Buildings, 4, Cannon Street, Manchester.  
 Watson, O. A., 24/26, Corridor Chambers, Market Place, Leicester.  
 Watson, R., 13, Gordon Terrace, Rochester.  
 Waud, N., 10, Third Avenue, Heworth, York.  
 Webb, E., 34, Grand Parade, Brighton.  
 Wells, C. H., Independent Buildings, 21, Fargate, Sheffield.  
 White, A. M., 28, St. Mary's Place, Newcastle-on-Tyne.  
 White, E. G., Bank Chambers, Llamas Street, Carmarthen.  
 White, J. C., 53, High Street, Sutton, Surrey.  
 White, Percival, 6, Sussex Terrace, Princess Square, Plymouth.  
 Williams, C. E., 4, Salop Road, Oswestry.  
 Williams, E. J., Exchange Buildings, 14, Lowther Street, Carlisle.



Williams, E. R., 39, Prince's Buildings, 81, Dale Street, Liverpool.  
 Williams, L. D., Exeter House, Bute Street, Cardiff.  
 Williamson, J. H., Market Place, Ashton-under-Lyne.  
 Wilson, Sir Charles, M.P., Wilson's Chambers, 7, Greek Street, Leeds.  
 Windle, R. S., City Bank Chambers, Barnoldswick, Colne.  
 Witty, R. A., 6, Dowgate Hill, Cannon Street, London, E.C.  
 Wolstenholme, E. J., 36, Yorkshire Street, Rochdale.  
 Wood, Dennis, 22, Craven Avenue, Ealing, London, W.  
 Wood, H., 179, Dock Street, Newport, Mon.  
 Woodhead, A. C., 3, Wesley Street, Otley.  
 Woolley, F., 6, Portland Street, Southampton.  
 Yearsley, A., 27, Brazennose Street, Manchester.

## Correspondence.

### DOMINION TAX RELIEF.

To the Editors *Incorporated Accountants' Journal*.

SIRS,—The enclosed letter to the Board of Inland Revenue and the official reply will doubtless be considered of great importance by many of your readers.

Many super tax returns have undoubtedly been made out on a different basis from the Board's present ruling, and if the difference is large enough the authorities should be asked to amend them.

Yours faithfully,

CHAS. H. TOLLEY.

London, December, 1924.

The Secretary,  
 Inland Revenue,  
 Somerset House, W.C.

November 19th, 1924.

### Dominion Tax Relief.

Sir,—Your attention has no doubt been drawn to the correspondence in the *Financial Times* of last week, relating to the circular sent out by the Department regarding the working out of sect. 33 of the Finance Act, 1924.

I am receiving continual inquiries from clients all over the country as to the proper method of making out the gross amount of dividends paid less Dominion tax relief, and I should be obliged if you will be good enough to inform me whether I am correct in assuming that the example worked out on pages 3 and 4 of the circular may be taken as the authorised method for computing gross amounts of all dividends paid less Dominion tax relief.

My reason for asking this question is that this example does not seem to be in accordance with Finance Act, 1920, sect. 27 (4), and this is a very important matter in dealing with returns for income tax and super tax.

If it has been decided to treat this sub-section as a dead letter it should be generally understood, but otherwise I submit that the examples set out in the circular do not provide for the adjustment required by the above sub-section.

Yours faithfully,  
 (Signed) CHAS. H. TOLLEY.

Inland Revenue,  
 Somerset House,  
 London, W.C. 2,  
 December 4th, 1924.

### Income Tax.

Sir,—In reply to your letter of the 19th ultimo, I am directed by the Board of Inland Revenue to say that in their opinion a distinction has to be drawn between two types of dividend:—

(1) Dividends paid by a company incorporated in Great Britain or Northern Ireland which is liable to British income tax on the whole of its profits and itself receives relief from British income tax under sect. 27 of the Finance Act, 1920, in respect of Dominion income tax; and

(2) Dividends received by a shareholder in Great Britain or Northern Ireland from a Dominion company which is not liable to British income tax on its profits.

As regards (1), the appropriate addition (or non-allowance of deduction) in respect of Dominion income tax under sub-sect. (4) of sect. 27 is made in assessing the profits of the company to British income tax, and in the Board's view no question arises of making an addition in respect of Dominion income tax to the net amount of the dividends; that is to say, for British income tax purposes the gross amount of the dividends is the net amount paid plus British income tax at the rate of British income tax (as reduced by the relief in respect of Dominion income tax allowed to the company under sect. 27) borne by the company on its profits.

As regards (2), an addition for Dominion income tax under sub-sect. (4) of sect. 27 falls to be made to the net amount of the dividend in order to arrive at the gross amount for British income tax purposes, because the company's profits have not been assessed to British income tax, and the dividend as such is liable to assessment.

I am to add that sect. 33 of the Finance Act, 1924, and consequently the circular in connection therewith issued by this Department, relates only to companies incorporated in Great Britain or Northern Ireland (or created by letters patent, or by or in pursuance of an Act of Parliament), and does not apply to a company incorporated in a Dominion outside Great Britain and Northern Ireland.

I am, Sir,

Your obedient servant,

Charles H. Tolley, Esq. (Signed) E. W. VERITY.

## Changes and Removals.

Mr. Thomas Bell, Incorporated Accountant, announces that he has removed from 20, Dean Street, to Grey's Building, 53, Grey Street, Newcastle-on-Tyne.

Mr. Harry Cunningham, Incorporated Accountant, has commenced public practice at King's Chambers, Angel Street, Sheffield.

Mr. R. P. Dalal, Incorporated Accountant, announces that he has commenced practice at 11, Tamarind Lane, Fort, Bombay.

Messrs. Harper, Groves & Co., Incorporated Accountants, have removed their offices to Tower Chambers, 30a, Pride Hill, Shrewsbury.

Messrs. Kevans & Son, Incorporated Accountants, have admitted into partnership Mr. J. M. Fitzgerald, A.S.A.A. The practice will be continued at Caledonian Chambers, 31, Dame Street, Dublin, under the same style as heretofore.

Mr. George Miller, A.S.A.A., and Mr. J. Owen Shepherd, A.S.A.A., have been taken into partnership by Mr. Louis Nicholas, Chartered Accountant. The practice will be carried on under the style of Louis Nicholas & Co., at 19, Castle Street, Liverpool.

The partnership hitherto existing between Mr. A. E. Quaife, Incorporated Accountant, and Mr. W. C. Tuke, Incorporated Accountant, under the name of Quaife & Tuke, has been dissolved. Mr. Tuke is now practising on his own account at Walbrook Chambers, 38, Walbrook, London, E.C.

Messrs. F. Shaw & Co., Incorporated Accountants, have removed to 1, Gresham Buildings, Basinghall Street, London, E.C.

## Society of Incorporated Accountants and Auditors.

### RESULTS OF EXAMINATIONS, NOVEMBER, 1924.

#### Passed in Final.

##### Order of Merit.

- LONG, ERNEST, Clerk to E. Lund, City Treasurer, 17, Fisher Street, Carlisle. (*First Prize and First Certificate of Merit.*)
- SIMMONS, GEORGE JAMES, Clerk to W. Vincent Vale, 20, Queen Street, Wolverhampton. (*Second Prize and Second Certificate of Merit.*)
- COOMBER, RONALD ROBERT, B.Sc.(Econ.), Clerk to Knox, Cropper & Co., Spencer House, South Place, London, E.C. (*Third Prize and Third Certificate of Merit.*)
- ROBERTSON, JAMES ERIC, Borough Treasurer and Accountant's Department, Metropolitan Borough of Hackney, Town Hall, Hackney, London, E. (*Fourth Certificate of Merit.*)
- SAMBRIDGE, JOHN ERNEST, Clerk to Arthur J. Hill, Vellacott & Co., 2, Broad Street Place, Finsbury Circus, London, E.C. (*Fifth Certificate of Merit.*)
- MCNEIL, ROBERT, Clerk to E. C. Pike (Pike, Rogers & Co.), Salisbury House, Finsbury Circus, London, E.C. (*Sixth Certificate of Merit.*)
- FARLEY, HORACE EDWARD, Clerk to J. P. Clarkson (Clarkson & Bennett), 16, Devonshire Square, Bishopsgate, London, E.C. (*Seventh Certificate of Merit.*)
- DONALDSON, JOHN, Clerk to Moore & Smalley, 9, Chapel Street, Preston. (*Eighth Certificate of Merit.*)
- SUGDEN, HERBERT, Clerk to Walter Lund & Plunkett, Mornington Chambers, 235, Manningham Lane, Bradford. (*Ninth Certificate of Merit.*)
- CRUICKSHANK, ALEXANDER WALLISS, Clerk to Buckley & Hall, National Provincial Chambers, Silver Street, Hull. (*Tenth Certificate of Merit.*)
- COXON, WILLIAM CYRIL, Clerk to Donald H. Bates, Central Chambers, 10, Cheapside, Hanley, Stoke-on-Trent.
- STODDARD, EDWARD STANLEY, Clerk to Bournier, Bullock & Co., Albion Street, Hanley, Stoke-on-Trent.
- (Bracketed for Eleventh Certificate of Merit.)

##### Alphabetical Order.

- ANDERSON, GERALD FRANK, Clerk to H. P. Gowen (Harman & Gowen), 7, Queen Street, Norwich.
- ARTHUR, ALBERT, Clerk to H. G. Liversidge, Imperial Buildings, Rotherham.
- ASTLES, HARRY, Clerk to Edgar Oates (Edgar Oates & Co.), 371/377, Corn Exchange Buildings, Manchester.
- BACK, WILLIAM JOHN, Clerk to Hodgson, Harris & Co., 5, St. John Square, Cardiff.
- BAINES, JOHN VINCENT, Clerk to T. R. G. Rowland (W. T. Walton & Son), 3, Scarbro' Street, West Hartlepool.
- BAIRSTOW, LUKE VERNON, Clerk to W. E. Nelson & Co., 22, Lord Street, Liverpool.
- BALDWIN, HARRY, Clerk to Martin, Farlow & Co., Nymegen, Holland.
- BAXTER, ROBERT JAMES, Clerk to Hughes & Allen, 67, Basinghall Street, London, E.C.
- BRESLEY, JAMES LEONARD, Clerk to R. O. Griffith, 44, Cannon Street, Preston.
- BELL, HAROLD FREDERICK, Clerk to S. Baird (James Baird & Co.), 75, High Street, Belfast.
- BENNETT, CYRIL LESLIE, Clerk to Kain, Brown, Bennett & Clark, 59, Chancery Lane, London, W.C.
- BIRD, THOMAS REEVES, Borough Treasurer's Department, Town Hall, Salford.
- BLACK, REGINALD CYRIL, Clerk to Lingard, Middleton, Dann & Co., 5, South Street, Finsbury, London, E.C.

- BRESNAN, EDWARD GERALD, Clerk to William Chadwick & Co., 8A, Lord Street, Liverpool.
- BROWN, KENNETH IRVING, County Accountant's Department, Northumberland County Council, The Moothall, Newcastle-on-Tyne.
- BURKE, HAROLD, Clerk to Oakley & Williams, 118, Queen Victoria Street, London, E.C.
- BUTLIN, HELEN SYBIL, Clerk to Oldham, Holland, Graves & Co., 17, Coleman Street, London, E.C.
- CARNES, GEORGE ELGAR, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- CATLEY, CLARE, Smith's Chambers, 6, Westborough, Scarborough, Practising Accountant.
- CLARK, CHARLES WILLIAM, Clerk to Alan Smith & Co., 28, Monument Street, London, E.C.
- COLES, GEORGE WILLIAM THOMAS, Borough Treasurer's Department, Municipal Offices, Gravesend.
- COOMES, FREDERICK JAMES, Clerk to Langton & MacConnal, 22, Lord Street, Liverpool.
- COX, LIONEL, Clerk to John Brown, 23, Exchequer Street, Dublin.
- CRESKEY, SYDNEY, City Treasurer's Department, Guildhall, Hull.
- DAVAR, DORAB RUSTOMJI, Clerk to K. S. Aiyar & Co., 65, Apollo Street, Fort, Bombay.
- DAVIES, ALFRED TRESIDDER, Clerk to W. Claridge & Co., 53, Well Street, Bradford.
- DAWE, NELLIE MAY, Clerk to Annan, Dexter & Co., 21, Ironmonger Lane, London, E.C.
- DEACON, LILY SABINA, Clerk to Campbell & Jordan, 79, Lichfield Street, Wolverhampton.
- DUNWELL, ROLAND, Clerk to Percy Pemberton & Co., 32 & 34, Cookridge Street, Leeds.
- EASTAUGH, JOHN CRISP, Clerk to Chantrey, Button & Co., 61 & 62, Lincoln's Inn Fields, London, W.C.
- EDWARDS, WILLIAM FREDERICK, Clerk to E. Layton-Bennett, Sons & Co., 31 & 32, Broad Street Avenue, Blomfield Street, London, E.C.
- ETESON, LEONARD, Clerk to F. S. Pearson & Cryer, Old Bank Chambers, Keighley.
- FELLOWS, EDWARD, Clerk to F. G. Nightingale (Pearson, Nightingale & Co.), 52, Queen Street, Wolverhampton.
- FORD, FRANCIS ANDREW, Clerk to Chalmers, Wade & Co., 24, Coleman Street, London, E.C.
- GILL, WALTON, Clerk to T. Hayward (Smith & Hayward), London and Yorkshire Bank Chambers, Tyrrel Street, Bradford.
- GRAHAM, IVAN DOUGLAS, Clerk to Paton, Boyce & Welch, 3, Piccadilly, Bradford.
- GRAY, ARTHUR THOMAS, Finance Department, Ministry of Labour, Queen Anne's Chambers, Broadway, Westminster, London, S.W.
- HALLAM, WALKLYN, Clerk to Slater, Chapman & Co., Viaduct Chambers, 38, Holborn Viaduct, London, E.C.
- HALLAM, WILLIAM ERNEST, Clerk to Newby, Dove & Rhodes, Stamford Bank Chambers, 10, Gallowtree Gate, Leicester.
- HARMAN, FRANCIS HAROLD, Clerk to Alexander Nisbet & Co., 3, Lincoln's Inn Fields, London, W.C.
- HARRIS, VICTOR JOHN HENRY, Clerk to L. Benbow (Benbow & Ails), 2A, Sheep Street, Northampton.
- HAUGHTON, FREDERICK, Clerk to David Smith, Garnett & Co., 61, Brown Street, Manchester.
- HAWKINS, THOMAS, Comptroller's Department, London County Council, The County Hall, Westminster Bridge, London, S.E.
- HAYNES, ALFRED ERNEST, Clerk to Kingsford, Garland, McDonald & Wigzell, 111, Moorgate, London, E.C.
- HEATH, CHARLES, Clerk to Evans, Fripp, Deed & Co., 90, Cannon Street, London, E.C.

## FINAL—continued.

- HEWSON, CECIL AUBREY GIST, Clerk to W. D. Beaton (McCann, Beaton & Co.), 83, Queen Street, London, E.C.
- HOLLOWAY, CYRIL ALBERT, Clerk to Hilton, Sharp & Clarke, 4, Pavilion Buildings, Brighton.
- HOWARTH, REGINALD, Accountant's Department, Stretford Urban District Council, Council Offices, Old Trafford, Manchester.
- HUDSON, CHARLES WEPFENER, Clerk to J. W. Bolton (Bolton, Wawn & Co.), 48, West Sunnyside, Sunderland.
- HUMPHRIES, JAMES, Clerk to Baggaley, Thompson & Hamilton, Armitage Chambers, Victoria Street, Nottingham.
- HUTCHINSON, FREDERICK MUSGRAVE, 1, New Street, Grimsby, Practising Accountant.
- ICKERINGILL, WILLIAM JOHN CROWTHER, Clerk to Hilton, Sharp & Clarke, 4, Pavilion Buildings, Brighton.
- INMAN, HAROLD, Clerk to John W. Hirst & Co., 28, Queen Street, Albert Square, Manchester.
- JACKSON, ALFRED, Accountant, Goole Urban District Council, Council Offices, Goole.
- JEWELL, HAROLD WILLIAM (formerly Clerk to W. H. Grainger), Accountant's Department, Prudential Assurance Company, Limited, London, E.C.
- JOHNSON, WILLIAM RICHARD, H.M. Registry of Friendly Societies, 17, North Audley Street, London, W.
- JOY, HAROLD FREDERICK, Clerk to Joseph Stephenson (Stephenson, Smart & Co.), Queen Street Chambers, Peterborough.
- KENT, STANLEY, Clerk to Harper, Groves & Co., Tower Chambers, 30A, Pride Hill, Shrewsbury.
- KILBY, FREDERICK LEONARD, Clerk to Hubert S. Dickinson, 30, Huddersfield Road, Brighouse.
- KING, HARRY CHARLES, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.
- LAWSON, VERNON ONSLOW, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.
- LAZZARI, PAUL, Clerk to Strachan & Co., 18, Grainger Street West, Newcastle-on-Tyne.
- LEE, JOSEPH ERIC, City Treasurer's Department, Town Hall, Leicester.
- LUMB, ENNIS PIERCY, Borough Treasurer's Department, Town Hall, Halifax.
- MAIDMENT, GEORGE JOSEPH, 32, Duncan Terrace, London, N., Practising Accountant.
- MALLABAR, JOHN FREDERICK, Clerk to A. N. Harper (A. N. Harper & Co.), 7, Union Court, Old Broad Street, London, E.C.
- MILLER, ALLAN REGINALD ALEXANDER, Borough Accountant's Department, Municipal Buildings, Middlesbrough.
- MITCHELL, CECIL ERNEST, Clerk to Ernest E. Hill (Ernest E. Hill & Co.), Albert Chambers, 26, High Street, Cardiff.
- MORTON, THOMAS FRANK, Clerk to W. Gaunt, Leeds Education Committee, Education Offices, Leeds.
- MYERS, FRANK, Clerk to R. & R. V. Frank, 44 & 45, Prudential Buildings, Park Row, Leeds.
- NADIN, JOSEPH, Accountant, The Yorkshire Coal Trade Association, Sheffield. (Formerly Clerk to E. Ransom Harrison, 54, Bank Street, Sheffield.)
- NASH, WILLIAM GEORGE FREWIN, Clerk to Chalmers, Wade & Co., 24, Coleman Street, London, E.C.
- NICHOLS, FRANK WILLIAM, Clerk to Clothier, Watkins & Riddell, 7, The Square, Shrewsbury.
- NORFOR, FRANK FREDERICK, Clerk to V. S. Wright (J. Earle Hodges, Wright, Judd & Co.), Ridgway House, 40 & 42, King William Street, London, E.C.
- O'CALLAGHAN, JAMES GERARD, B.Com., 35, Great Brunswick Street, Dublin, Practising Accountant.
- OLLETT, FREDERICK HENRY, Chief Local Accountant, Duchy of Cornwall, Princetown, Devon.
- OVERTON, ALFRED VICTOR, Clerk to Lovewell, Blake & Co., 2, South Quay, Great Yarmouth.
- PALMER, ARTHUR EDGAR, Clerk to J. & A. W. Sully & Co., Bank Chambers, 28, High Street, Weston-super-Mare.
- PANDAY, DARABSHAW NASSERWANJI, B.Com., Clerk to A. E. Piggott (Arthur E. Piggott, Son & Co.), 56, Mosley Street, Manchester.
- PHILIP, CYRIL, Clerk to Arthur Hallett, Studio Buildings, Regent Street, Wrexham.
- PITCHER, FRANK LOUIS, Clerk to A. J. Downs & Co., Union Bank Chambers, Riby Square, Grimsby.
- PLATTEN, FRANK GODWIN FREE, Clerk to Harman & Gowen, 7, Queen Street, Norwich.
- POPE, ALBERT JOSEPH, Clerk to Brinley, Bowen & Mills, 22, Wind Street, Swansea.
- RANDALL, JOSEPH GEOFFREY, Clerk to A. A. Henley (Albert A. Henley & Co.), Portland House, 73, Basinghall Street, London, E.C.
- RECORD, VERNON GEORGE, Clerk to Larking & Larking, Bank Chambers, High Street, Maidstone.
- RENSHILL, LAURENCE ARTHUR, Clerk to R. F. Turnbull (Crew, Turnbull & Co.), 4, Dove Court, Old Jewry, London, E.C.
- ROBERTS, WILLIAM, Assistant Borough Treasurer, Town Hall, Ilkeston.
- RODDA, WILLIAM IAN JESSE TRUDGEON, Clerk to R. Leyshon (Richard Leyshon & Co.), 128-129, Bute Street, Cardiff.
- ROWLAND, HORACE REGINALD, Clerk to Charles L. Barfoot & Co., Westgate Chambers, Newport, Mon.
- RYLAND, HERBERT CLIFT, Clerk to W. H. Payne & Co., 8 & 9, Martin Lane, Cannon Street, London, E.C.
- SCHOFIELD, ROBERT HENRY, Clerk to Arthur Greenwood, Old Borough Chambers, Bond Street, Dewsbury.
- SCOTTEN, ALFRED, Clerk to Leonard G. Lane & Co., 34/40, Ludgate Hill, London, E.C.
- SHUTT, ROBERT PERCIVAL, The Centre, Brierfield, Lancs., Practising Accountant.
- SIMESTER, HOWARD BAMFORD, Clerk to Hubbard, Durose & Pain, 18, Low Pavement, Nottingham.
- SLATER, HENRY, Deputy Borough Accountant, Town Hall, Chorley.
- SMITH, FREDERICK SIDNEY, Clerk to Harman & Gowen, 7, Queen Street, Norwich.
- SOUTHGATE, EVELYN, Clerk to Gundry, Straus & Soper, 7, Great Winchester Street, London, E.C.
- SPROT, HAROLD PERCIVAL REDSHAW, Clerk to Silversides, Slack & Barnesley, 44, Bedford Row, London, W.C.
- STEER, SUSANNAH MAY, Clerk to Blackburns, Barton, Mayhew & Co., Alderman's House, Bishopsgate, London, E.C.
- STEWART, WILLIAM JAMES MONTGOMERY, Clerk to James Baird & Co., 75, High Street, Belfast.
- SUMMERS, SAM, Chief Accountant, Harrods (Buenos Aires) Limited, Buenos Aires.
- THOMAS, JOHN SALMON, Clerk to Haswell Bros., St. John's Chambers, Love Street, Chester.
- THOMAS, WILLIAM HOPKIN, Clerk to Glass & Edwards, 5, Cook Street, Liverpool.
- TIMBRELL, SIDNEY BENJAMIN, Clerk to S. Henstridge, 57, Colmore Row, Birmingham.
- TOWNSEND, ALFRED VICTOR, Clerk to Ridsdale & Ridsdale, Midland Bank Chambers, Bridge Street, Walsall.
- WARBURTON, FRANK, Clerk to W. S. Gregg (C. Williamson, Milne & Co.), 3 & 5, Crown Court, Old Broad Street, London, E.C.
- WELBOURN, BERNARD, Assistant City Accountant, The Guildhall, Winchester.
- WHITE, WILLIAM, Clerk to Orford, Patterson & Peet, 18, Hackins Hey, Liverpool.
- WILKINS, CRAVEN, Clerk to F. S. Pearson & Cryer, Old Bank Chambers, Keighley.



## FINAL—continued.

WILLIAMS, WILLIAM HENRY, Borough Treasurer's Department, County Borough of East Ham, Town Hall, East Ham, London, E.

WILSON, STANLEY BAIKIE, Clerk to Thomas Keens (Keens, Shay, Keens & Co.), 11, George Street West, Luton.

YATES, JOSEPH, Clerk to Dutton, Armstrong & Co., Clarence Chambers, 4, Piccadilly, Manchester.

YOUNG, WILLIAM ERNEST, Clerk to Dixon, Wilson, Tubbs & Co., 24, Basinghall Street, London, E.C.

## SUMMARY:—

12 Candidates awarded Honours.

113 Candidates passed.

116 Candidates failed.

241 Total.

## Passed in Intermediate.

## Order of Merit.

ARNOLD, FREDERICK VERNON, Clerk to R. Carpenter, Midland Bank Chambers, North Street, Brighton. (*First Place Certificate. Disqualified for Prize by age limit.*)

ELLIOTT, STANLEY JAMES, Secretary and Accountant, A. Milburn & Co., Limited, Laura Street, Sunderland. (Formerly Clerk to Hughes & Allen, 67, Basinghall Street, London, E.C.) (*Second Place Certificate. Disqualified for Prize by age limit.*)

BOARD, WILLIAM ALFRED, Clerk to H. M. B. Ker (Stiling, Ker & Duckworth), The Mart, Bridgwater. (*Third Place Certificate and Prize.*)

CARTER, WILLIAM HENRY, Public Trustee Office, Kingsway, London, W.C. (*Fourth Place Certificate.*)

HAWKINS, LEONARD CECIL, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C. (*Fifth Place Certificate.*)

## Alphabetical Order.

ABBEY, THOMAS WILLIAM, Borough Treasurer's Department, Municipal Buildings, Victoria Street, Grimsby.

ADDISON, WALTER, Clerk to Yeatman, Melbourne & Co., 2, Coleman Street, London, E.C.

ADLER, JOSEPH, City Treasurer's Department, Town Hall, Manchester.

AGELASTO, EMMANUEL JOHN, Clerk to E. W. E. Blandford (Blandford, Widdowson & Simpson), 227 & 228, Gresham House, Old Broad Street, London, E.C.

AINSWORTH, FRANK, Borough Treasurer's Department, Town Hall, Bolton.

ALLEN, CLIFFORD HUBERT, Clerk to A. C. Mole, Stafford House, Taunton.

ANDREW, ARTHUR, Clerk to H. D. Moorhouse & Co., Palace Chambers, 93, Market Street, Manchester.

BADLEY, HAROLD, Clerk to H. Noel French, Ormrod & Co., Investment Buildings, 67, Lord Street, Liverpool.

BARKER, HORACE HENRY PERCIVAL, Office of Special Commissioners of Inland Revenue, York House, Kingsway, London, W.C.

BARNES, ERIC JOSEPH, Clerk to James & Edwards, 5, Coleman Street, London, E.C.

BARTFIELD, ISAAC, Clerk to D. D. Perkins (Brown, Butler & Co.), Pearl Assurance Buildings, Market Street, Bradford.

BASON, WILLIAM EDWIN, Clerk to T. Howarth, High Street, Bala.

BAYNES, JOHN ERNEST, Clerk to Halliday, Pearson & Co., 11, Spring Gardens, Manchester.

BEDDY, THOMAS ROBERT, Clerk to Cooper & Kenny, 34, Dame Street, Dublin.

BHARGAVA, MURARILAL, B.Sc., LL.B., Clerk to H. J. Dastoor (H. J. Dastoor & Co.), 97, Queen Victoria Street, London, E.C.

BICKERTON, HERBERT EDWARD STANDEN, Finance Department, Middlesex County Council, Guildhall, Westminster, London, S.W.

BROAD, WILLIAM CHARLES, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.

BROMWICH, PHILIP ARTHUR HARRISON, Clerk to Frank Haynes & Co., The Hollins, New Street, Leicester.

BUBB, BERNARD GEORGE, Clerk to W. Norman Bubb (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.

BURGESS, WALTER SAMUEL, Clerk to White & Pawley, 6, Sussex Terrace, Princess Square, Plymouth.

BURTON, ALAN PEARSON, Clerk to Stanley Laycock (Wm. Robertshaw & Myers), Barclays Bank Chambers, North Street, Keighley.

CASHELL, ROBERT WILLIAM, Clerk to J. A. Kinnear & Co., 8, Westmoreland Street, Dublin.

CHEYNEY, LEONARD FRANK, Borough Accountant's Office, Municipal Buildings, Valpy Street, Reading.

COATES, HENRY SIDNEY, Clerk to H. Moulder (Johnstone, Davies & Moulder), Central Chambers, Kidderminster.

COHEN, HARRY STANLEY, Clerk to J. M. Fells, 7, Union Court, Old Broad Street, London, E.C.

COLE, ERIC ALFRED CLEMENTS, Clerk to W. B. Peat & Co., 11, Ironmonger Lane, London, E.C.

COLEMAN, GEORGE, Clerk to W. H. Wilson, 26, East Parade, Leeds.

CONNERTON, THOMAS RAYMOND, Clerk to Carlill, Burkinshaw & Ferguson, 2, Parliament Street, Hull.

COOK, EDWARD JOHN, Clerk to J. W. Best & Co., 65, New Broad Street, London Wall, London, E.C.

COOKE, FRANCIS LAWRENCE, Clerk to H. Epton Chapman (Slater, Chapman & Co.), Viaduct Chambers, 38, Holborn Viaduct, London, W.C.

COX, ENOCH, Clerk to W. C. Grant-Smith, Gresham Chambers, 14, Lichfield Street, Wolverhampton.

CRONE, ROBERT, Clerk to T. Harold Major, 4, Royal Arcade, Pilgrim Street, Newcastle-on-Tyne.

CUSSENS, BENJAMIN JOSEPH, Accountant, Wolverton Urban District Council, 61, Western Road, Wolverton.

DASHWOOD, GERALD PHILLIMORE, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.

DASTUR, ERACH JAMSHEDJI, B.Com., Clerk to Sorab S. Engineer & Co., 45, Apollo Street, Fort, Bombay.

DODD, ROBERT, Clerk to Harwood Banner & Son, 24, North John Street, Liverpool.

DOMINY, FRANK CYRIL, Clerk to H. B. Howell (Howell & Sons), 2, Broad Street Place, London, E.C.

DOWIE, WILLIAM, Clerk to Thomson, Jackson, Gourlay & Taylor, 24, George Square, Glasgow.

DURGAN, GEORGE HENRY, Clerk to McPherson, Burtenshaw & Ednie, 81, Cannon Street, London, E.C.

EDWARDS, CYRIL EIRWIN, Clerk to Ernest E. Hill (Ernest E. Hill & Co.), Albert Chambers, 26, High Street, Cardiff.

EVANS, ERIC NORMAN, Clerk to Jackson, Pixley & Co., 58, Coleman Street, London, E.C.

FAULKNER, CHARLES HENRY, Clerk to Bateman Brothers, 26, St. Petersgate, Stockport.

FENNELL, WILLIAM GEORGE, Clerk to W. B. Keen & Co., 23, Queen Victoria Street, London, E.C.

FOXLEE, ARTHUR BRAZIER, Clerk to Whinney, Smith & Whinney, 4B, Frederick's Place, Old Jewry, London, E.C.

FRICKER, ERNEST STANLEY GIBBS, Clerk to A. E. Woodington (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.

GALE, HERBERT CHARLES, Clerk to A. T. Keens (Keens, Shay, Keens & Co.), Bilbao House, New Broad Street, London, E.C.

GIBBS, GEORGE ERNEST, Clerk to Frank C. Bevan & Co., Exchange Buildings, Swansea.

GILES, EDWARD SYDNEY, Clerk to E. C. Cooper (Cooper & Norfolk), 8, East Stockwell Street, Colchester.

## INTERMEDIATE—continued.

- GLENDINNING, ARCHIBALD DOUGLAS, City Chamberlain's Office, City Chambers, Edinburgh.
- GOSLING, GEORGE, Borough Treasurer's Department, Town Hall, Bolton.
- GREGSON, RICHARD, Borough Treasurer's Department, Town Hall, Southport.
- GRIFFITHS, LESLIE HORACE, Clerk to W. McIntosh Whyte (W. McIntosh Whyte & Co.), Mansion House Chambers, 11, Queen Victoria Street, London, E.C.
- HARLING, WILLIAM, Clerk to James Todd, 18, Birley Street, Blackpool.
- HARRIS, THOMAS VICTOR, Clerk to A. J. Walkey (Cooper & Kenny), 34, Dame Street, Dublin.
- HARVEY, WILFRED, Clerk to Curtis, Jenkins, Cornwell & Co., 44, Corn Street, Bristol.
- HASLAM, ERIC, Borough Treasurer's Department, Municipal Offices, Warrington.
- HAYWARD, FRANK, Clerk to W. A. Nixon (Alfred Nixon, Son & Turner), 31, Victoria Buildings, St. Mary's Gate, Manchester.
- HODGES, ERNEST GORDON, Clerk to Leather & Veale, 14, Albert Street, Harrogate.
- HOLMES, GEORGE LEONARD, Clerk to A. H. Muir (A. H. Muir & Addy), 7, Donegall Square West, Belfast.
- HORSTEAD, HORACE EDWARD, Clerk to Hodgson, Harris & Co., 135, Fenchurch Street, London, E.C.
- HOUGHTON, STANLEY EDWIN, Clerk to R. K. Crane (Crane, Houghton & Crane), 8, Paternoster Row, London, E.C.
- HOWARTH, HAROLD WILLIAM, Clerk to W. A. Judge, High Street, Skipton.
- HUNT, ROYDEN CLAUDE, Clerk to W. Hill, Hunter & Co., 150, North Street, Brighton.
- JELLEY, DOUGLAS HARRY, Clerk to Fred Kilby (Kilby & Fox), Drury Chambers, Market Square, Northampton.
- KELLY, FRANCIS NOEL, Clerk to William A. Deevy, Land Bank Chambers, Waterford.
- KELLY, VIVIAN STANISLAUS, Clerk to W. Norman Bubb (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.
- KENDALL, ROY, Park Square Chambers, Leeds, Practising Accountant.
- LANE, SYDNEY, County Accountant's Department, Notts County Council, Shire Hall, Nottingham.
- LEUTY, GEORGE HENRY, Clerk to Fuller, Higgins & Co., Lillie's Chambers, 39, Albion Street, Leeds.
- LISTER, CECIL PERCY, Clerk to W. G. Hall (Buckley & Hall), National Provincial Chambers, Silver Street, Hull.
- LORD, ALBERT, Clerk to James Magee, 22 & 23, Byram Arcade, Station Street, Huddersfield.
- MACDONAGH, JOHN VICTOR NEVILL, Clerk to Stokes Bros. & Pim, 36, College Green, Dublin.
- McDONALD, JAMES HAROLD, Clerk to Wm. H. Jack & Co., 38, Bath Street, Glasgow.
- MACGOWAN, ARTHUR WATSON, Clerk to Fitzpatrick, Graham & Co., 95a, Chancery Lane, London, W.C.
- MACLEOD, GEORGE ANDREW, Clerk to George A. Peace & Co., 48, Castle Street, Liverpool.
- MANN, STANLEY VICTOR, Clerk to W. G. Hall (Buckley & Hall), National Provincial Chambers, Silver Street, Hull.
- MASON, CHARLES JOHN, Clerk to Edward Blinkhorn (E. Blinkhorn, Lyon & Co.), Bank Chambers, 69, Leadenhall Street, London, E.C.
- MENZIES, WILLIAM DOUGLAS, Clerk to H. Menzies (H. Menzies & Co.), Fife House, Fife Road, Kingston-upon-Thames.
- MOIR, LESLIE JOHN ANGUS, Borough Accountant's Department, Town Hall, Croydon.
- MOODY, KENNETH MONTAGUE GRIFFIN, Clerk to T. J. Boreham (Muir, Moody & Co.), 20, Newgate Street, London, E.C.
- MOORE, FREDERICK VICTOR, Clerk to H. B. Morris (Howard Morris & Crocker), 20-23, Pearl Buildings, Portsmouth.
- MORRIS, CYRIL GEORGE, Assistant Borough Treasurer, Guildhall, Wrexham.
- NEWTON, HAROLD GEORGE ARBOT, Clerk to L. J. R. King (Croydon & King), 5, Chancery Lane, London, W.C.
- NICHOLS, FRANK ALBERT, Clerk to Brown, Peet & Tilly, 37/40, Mark Lane, London, E.C.
- Ogilvie, HAROLD BERTRAM JAMES, Clerk to Cooper Brothers & Co., 14, George Street, Mansion House, London, E.C.
- PAGE, DAVID GEORGE, Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.
- PALMER, ARTHUR FREDERICK, Clerk to F. W. Burton (B. de V. Hardcastle, Burton & Co.), Coventry House, South Place, Moorgate, London, E.C.
- PARSONS, FREDERICK LEONARD, Clerk to Hicks, Walters & Co., 15, George Street, Mansion House, London, E.C.
- PEAPELL, ARTHUR PAUL, Clerk to O. A. Hibbert (Morgan Brothers & Co.), Chapel House, 54, New Broad Street, London, E.C.
- PECKER, CLAUDE BERTRAM, Clerk to D. O. Dyke, The Old Mansion, St. Mary's Street, Shrewsbury.
- PHILIP, ALEXANDER, City Chamberlain's Office, City Chambers, Edinburgh.
- PHILLIPS, ALEXANDER GALT MERCER, Clerk to Carswell & Clark, 116, St. Vincent Street, Glasgow.
- PICKARD, GEORGE OSMOND WINFIELD, Clerk to Beevers & Adgie, 26, Park Row, Leeds.
- PICKLES, WILLIAM ALBERT, Clerk to W. Pearson (J. Pearson & Son), 5, Godwin Street, Bradford.
- POPERT, KATE ANNIE, Finance Department, Ministry of Labour, Queen Anne's Chambers, Westminster, London, S.W.
- POPLE, HARRY WILKIN, Clerk to George A. Peace & Co., 48, Castle Street, Liverpool.
- PRICE, EDWARD CUTHBERT BARCLAY, Clerk to J. S. Dudbridge (S. J. Dudbridge & Sons), 8, Lansdown, Stroud, Glos.
- PRINGLE, ALEXANDER, City Chamberlain's Office, City Chambers, Edinburgh.
- QUARMBY, JOHN WILLIAM, Clerk to Charles L. Townend (Charles L. Townend & Co.), Permanent Chambers, Commercial Street, Halifax.
- ROY, APURBA CHANDRA, B.A., Clerk to S. R. Batliboi & Co., 9, Grant's Lane, Calcutta.
- SAMUEL, HARRY CHARLES, Clerk to Franklin, Wild & Co., Orient House, 42-45, New Broad Street, London, E.C.
- SAUNDERS, REGINALD WILLIAM NEWMAN, Clerk to Walter Holman (Holman, Foxcroft & Jackson), Mansion House Chambers, 11, Queen Victoria Street, London, E.C.
- SHADDICK, CHARLES HERBERT, Comptroller's Department, London County Council, The County Hall, Westminster Bridge, London, S.E.
- SHEPHERD, CYRIL GODFREY, Clerk to Edward Clough, Cooke Street, Keighley.
- SIMPSON, FREDERICK ALAN, Clerk to W. H. Grigg & Perkins, 36, Baldwin Street, Bristol.
- SIMS, ARTHUR LESLIE, Clerk to Brinley, Bowen & Mills, 22, Wind Street, Swansea.
- SMALLEY, FRANK REGINALD, Clerk to Alfred G. Deacon & Co., National Chambers, 4, Horsefair Street, Leicester.
- SMITH, JAMES HAROLD, Clerk to Simon Jude & West, 10, Cook Street, Liverpool.
- SMITH, PATRICK GEORGE JOSEPH, Clerk to Michael Crowley (M. Crowley & Co.), 16, College Green, Dublin.
- SQUIRE, NORMAN STANLEY TOWERS, Clerk to Stephenson, Smart & Co., Queen Street Chambers, Peterborough.
- STEWART, FREDERIC KEITH, Accountant's Department, H.M. Office of Works, Storey's Gate, Westminster, London, S.W.
- STEWART, ROBERT, Clerk to Joseph A. Harris, 23, Regent Street, Barnsley.
- STONE, HUBERT JAMES, Clerk to Miles Taylor & Co., 18, Coleman Street, London, E.C.

## INTERMEDIATE—continued.

- SUMMERSKILL, JAMES CHARLES, Clerk to James Summerskill, 4, Palace Chambers, 21, Victoria Street, Liverpool.
- SUTTON, CECIL HARRY, Clerk to H. Harper Smith (Harper Smiths), London and Provincial Bank Chambers, 30, London Street, Norwich.
- TAYLOR, IVAN MAXWELL, Clerk to Whinney, Smith & Whinney, 4b, Frederick's Place, Old Jewry, London, E.C.
- TAYLOR, REGINALD WILLIAM MALTUS, Clerk to W. B. Keen & Co., 23, Queen Victoria Street, London, E.C.
- THOMAS, OWEN IVOR, Clerk to R. Leyshon (Richard Leyshon & Co.), 128 & 129, Bute Street, Cardiff.
- TUCKER, REGINALD ARTHUR, Clerk to Ashmole, Edwards & Goskar, 61, Wind Street, Swansea.
- UNIAKE, PHILIP EDWARD, Clerk to A. J. Magennis (A. J. Magennis & Co.), 50, South Mall, Cork.
- VAUGHAN, CYRIL, Clerk to Norman C. Gilbert, 2, Newhall Street, Birmingham.
- WEBB, ALFRED WALTER, Comptroller's Department, London County Council, The County Hall, Westminster Bridge, London, S.E.
- WEBB, HAROLD, Clerk to Russell & Co., P.O. Box 287, Smyrna, Turkey, Asia Minor.
- WEST, RONALD ARTHUR, Clerk to W. Johnstone (Johnstone, Davies & Moulder), Central Chambers, High Street, Kidderminster.
- WHITHAM, HAROLD, Borough Treasurer's Department, Town Hall, Halifax.
- WOOD, FRED, Clerk to Armitage & Norton, Station Street Buildings, Huddersfield.
- WOOD, JOHN WILLIS, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- WRIGHT, ALEXANDER, Clerk to Lee & Whitfield, 17, East Parade, Leeds.

## SUMMARY:—

5 Candidates awarded Honours.

128 Candidates passed.

101 Candidates failed.

234 Total.

## Passed in Preliminary.

## Order of Merit.

- CUTLACK, WILLIAM JOHN, "Lynwood," Broomhill Walk, Woodford Green, Essex. (First Place and Prize.)
- FIELDING, JOHN ROBERTS, 57, Lark Hill, Blackburn. (Second Place.)
- SHAW, TERENCE THOMAS, 34, Symons Street, Higher Broughton, Manchester. (Third Place.)

## Alphabetical Order.

- AITCHISON, JAMES WILLIAM, 136, Oxford Road, Linthorpe, Middlesbrough.
- ALLEN, LYNN, 15, Violet Street, Hylton, Sunderland.
- ANGOLOFSKI, ABRAM DAVIES, 53, Clarendon Street, Chorlton-on-Medlock, Manchester.
- AUSTIN, JOHN FARLAM, 38, Abbey Street, Carlisle.
- BANKS, EDWIN MALCOLM, 16, Gledhow Terrace, Roundhay Road, Leeds.
- BARKER, STANLEY, 9, Halifax Road, Rochdale.
- BEAL, EDWARD, 254, Whalley Old Road, Blackburn.
- BELL, WALTER ROY, Waverley, Eddington, Herne Bay.
- BENNETT, ST. JOHN MORDEN, 133, Brownlow Road, New Southgate, London, N.
- BLACKBURN, JOHN HAROLD, 30, Hovingham Grove, Harehills, Leeds.
- BLACKHALL, ALEXANDER, "St. Helens," Blackhouse, Peterhead.

- BLEACH, FRANK PATRICK, 9, Glenholme Heath, Halifax.
- BOWEN, THOMAS WILLIAM MATHIAS, 8, Stockland Street, Grangetown, Cardiff.
- BOWKETT, HAROLD JOHN, 132, Ashburton Terrace, Catford, London, S.E.
- BRIAR, MAURICE WALTON, 249, South Lambeth Road, Stockwell, London, S.W.
- BRIGHT, FREDERICK WILLIAM, 3, Hatton Wall, London, E.C.
- BROOKE, JOHN, Eastthorpe, Mirfield, Yorks.
- BROWNE, PHILIP DAVID, 153, Stanwell Road, Penarth.
- COLVIN, WILLIAM BENJAMIN, 19, Wellington Street, Southwick-on-Wear, Sunderland.
- COWIE, MERVYN HUGH, Stenning House, Brighton College.
- CRANE, HAROLD, 37, Hothfield Street, Silsden, nr. Keighley.
- CROSSLEY, HAROLD, 96, Geraldine Street, Blackburn.
- CURRIE, DONALD, 32, North Road, Clayton, Manchester.
- DAVIES, DAVID THOMAS, 75, Wardo Avenue, Fulham, London, S.W.
- DONOGHUE, JOSEPH HALSTEAD, Montgomery House, Wath-on-Dearne, Yorks.
- FAIRHURST, JOHN, 36, Springfield Road, Blackpool.
- FEAVER, LESLIE EDWARD, 154, Hewitt Avenue, Wood Green, London, N.
- FOLLETT, FREDERICK JAMES, 35, Queen's Road, Wimbledon, London, S.W.
- FORSTER, KENNETH STATON, c/o Whitaker & Forster, 6, Chestergate, Macclesfield.
- GUY, HAROLD CLAVERING, 59, Bewicke Road, Willington Quay, Northumberland.
- HANCOCK, EDGAR STUART, "Trenton," Mile House Lane, Wolstanton.
- HAYHURST, ALAN, Waverley Place, Blackburn.
- HOWELLS, THOMAS CAMPBELL, "Lynholme," Mountain Road, Caerphilly.
- HUGHES, WILLIAM ELLIS, c/o W. M. Paul, 49, Whitechapel, Liverpool.
- HULME, NORMAN ALBERT, 9, Holmwood Road, Withington, Manchester.
- HUTCHINSON, CHARLES, Briarwood, Burneside, nr. Kendal.
- JACKSON, HENRY JOSEPH, 181, Lower Kennington Lane, Kennington, London, S.E.
- JEMPHREY, WILLIAM EDWARD, 55, Kansas Avenue, Belfast.
- JOHNSON, LEONARD, 37, King's Bench Street, Hull.
- JOYCE, VINCENT THOMAS, 68, Northumberland Road, Old Trafford, Manchester.
- KING, RONALD JAMES LESLIE, "Westcombe," Long Park, Chesham Bois, Bucks.
- KINGHAN, JOHN SAMUEL, Academy N.S., Saintfield, co. Down.
- LENTON, ALEC LESLIE, 598, Kensington Hill, Brislington, Bristol.
- McKEVITT, FRANCIS EDWARD, 19, Sandringham Terrace, Wetherby, Yorks.
- McLAUGHLIN, VINCENT GEORGE, 204, Cliftonville Road, Belfast.
- McMICHAEL, DONALD, 6, Beechwood Walk, Birley, Leeds.
- MADDOCKS, GEORGE EDWARD, 12, Ridley Street, Birkenhead.
- MARTINDALE, JOHN, Fenton Street, Mirfield, Yorks.
- MORROW, JOSEPH JOHNSON, Lisban, Saintfield, co. Down.
- MOSS, JAMES, 20, Smallshaw Lane, Hurst, Ashton-under-Lyne, Manchester.
- PARTBRIDGE, ERNEST REGINALD, 59, Falmouth Avenue, Highams Park, London, E.
- PENFOLD, ARTHUR JOHN, 12, Lauradale Road, Fortis Green, London, N.
- PHILLIPS, ARTHUR WATKIN, "Tynewydd," Taff's Well, nr. Cardiff.



## PRELIMINARY—continued.

- POTTER, HAROLD, 277, Frederick Street, Oldham.  
 PRICE, JOHN KENNETH, 156, Ladywell Road, Lewisham, London, S.E.  
 QUARMBY, DILYS FEARN, 8, Newhall Street, Macclesfield.  
 RADFORD, GORDON EDGAR, 9, South Croxted Road, West Dulwich, London, S.E.  
 REDMOND, MARGARET, 20, Stanton Row, Clonmel, co. Tipperary.  
 ROBSON, JOHN ELTRINGHAM, 34, Gerald Street, Newcastle-on-Tyne.  
 ROPER, CHARLES ALFRED, 7, Chain Walk, Lozells, Birmingham.  
 SEDDON, VINCENT, 124, Park Road, Hindley, Lancs.  
 SELLERS, FRED, 49, Higher Eanam, Blackburn.  
 SOUTHGATE, PERCIVAL JAMES, 30, Uridge Road, Tonbridge.  
 STIBBS, ARTHUR JAMES, "Rock Cottage," Hanham, Bristol.  
 STREET, WILLIAM OPENSHAW, 233, Bell Lane, Bury.  
 TOWERS, WILLIAM MAYNE, 56, Cambridge Road, Southport.  
 TOWNSEND, ARTHUR EDWARD, 14, Sneinton Hollows, Nottingham.  
 TOWNSEND, WALTER HUGH, 22, Glencollyer Street, Belfast.  
 UNSWORTH, HERBERT, 21, Mostyn Avenue, Bury.  
 WALTERS, FREDERICK PARRY, 17, Sydney Grove, Hendon, London, N.W.  
 WATERHOUSE, ERIC, 49, Station Lane, Heckmondwike.  
 WATLING, ALFRED WILLIAM, 14, Clitheroe Road, Clapham Road, London, S.W.  
 WHEATLEY, VIVIAN EGAR, 78, Marlborough Road, Roath Park, Cardiff.  
 WILBY, HAROLD LESLIE, 25, Station Road, Ossett.  
 WOOD, RONALD, 7, Beaumont Terrace, Gosforth, Newcastle-on-Tyne.

## SUMMARY:—

- 3 Candidates awarded Honours.  
 75 Candidates passed.  
 40 Candidates failed.

118 Total.

## Incorporated Accountants' Benevolent Fund

## THIRTY-SECOND ANNUAL GENERAL MEETING.

The Thirty-second annual general meeting of the subscribers to the Fund was held in the Council Chamber, 50, Gresham Street, London, E.C., on Monday, December 15th.

SIR JAMES MARTIN, President of the Fund, occupied the chair, and was supported by Mr. W. McIntosh Whyte (Trustee), Mr. George Stanhope Pitt, President of the Society. Mr. A. E. Woodington, Lieut.-Colonel James Grimwood, C.B., D.S.O., Mr. George Palmer, Mr. A. R. King Farlow, Mr. H. H. Bobart, Mr. F. J. Alban, Mr. F. Sharman, Mr. G. Robie Pridie, Mr. L. G. Mansfield, Mr. James C. Fay, and Mr. A. A. Garrett, Hon. Secretary.

Apologies for absence were received from the following Trustees:—Mr. Arthur E. Green (Chairman), Mr. E. W. C. Whittaker, Mr. Arthur E. Piggott, and Mr. Henry J. Burgess.

## President's Address.

The President in moving the adoption of the report and accounts stated that the chair should have been taken by their old friend Mr. Arthur E. Green, Chairman of the Trustees. Most of them knew that Mr. Green had been unwell for some time, but he was glad to be able to report that he was making good progress. He then read to the subscribers a message received from Mr. Green.

Continuing, Sir James Martin said he noted with pleasure the subscriptions had increased during the year to £545 15s. 6d.,

being £78 4s. 6d. over the previous year. In his view the principal income of the Society should be derived from a continuous flow of subscriptions. Life subscriptions had increased by £15 15s., and dividends by £20 2s. 9d. The donations were down by £37 6s. 6d., but the total income, for the first time in the history of the Fund, had exceeded £1,000. The grants made amounted to £448 4s., being an increase of £66 8s. over the previous year. The accumulated surplus of the Fund was £6,933 12s. 8d., an increase of £521 19s. 5d. for the year. The President considered this increase satisfactory, and indicated that the Fund was able to help all Incorporated Accountants and their dependants whose cases came before the trustees. He felt sure the trustees did not need any urging from him, but he thought the time had come when anybody needing help could be liberally assisted without adversely affecting the position of the Fund.

Sir James particularly emphasised the work of the Fund in dealing with the education of children of deceased members, and said he regarded this as work of the utmost importance, as it enabled children to be educated in the same manner as their fathers would have chosen had their careers not been cut off.

Mr. W. McIntosh Whyte seconded the proposal for the adoption of the report and accounts. Mr. George Palmer supported the motion, which was carried unanimously.

## ELECTION OF PRESIDENT AND VICE-PRESIDENTS.

The re-election of the President and Vice-Presidents was proposed by Mr. A. E. Woodington, seconded by Lieut.-Colonel James Grimwood, and carried unanimously as follows:—President, Sir James Martin; Vice-Presidents: Mr. Charles Comins; F.C.A., Mr. Alexander Hannah, F.S.A.A., Mr. Richard Leyshon, F.S.A.A., Mr. George Stanhope Pitt, F.S.A.A.

Mr. Pitt, on behalf of the President and Vice-Presidents, thanked the meeting for their re-election.

## ELECTION OF TRUSTEES.

On the motion of Mr. George Palmer, seconded by Lieut.-Colonel Grimwood, it was resolved that the following be re-elected as Trustees: Mr. Arthur E. Green, London; Mr. E. W. C. Whittaker, Southampton; Mr. Arthur E. Piggott, Manchester; Mr. W. McIntosh Whyte, London; Mr. Henry J. Burgess, London.

## ELECTION OF HON. AUDITOR.

It was resolved that Mr. W. Southwood Smith, Incorporated Accountant, be re-elected auditor for the ensuing year, with thanks for his past services.

The proceedings terminated with a vote of thanks to the President for his conduct in the chair.

## Report of the Trustees.

The Trustees present to the subscribers and donors their 32nd annual report.

The income from the Fund shows a satisfactory expansion over the amounts received in previous years. The Trustees are pleased to note that this indicates a wider interest in the Fund among members of the Society. There has been some diminution in the amount of donations, but this decrease has been exceeded by the increase in the total of the annual subscriptions.

The satisfactory position of the Fund has enabled the Trustees to deal more liberally with applications for grants, and the amount expended under this heading is larger than during the previous year.

The surplus at the close of the year was £6,933 12s. 8d., as against £6,411 13s. 3d. on September 30th, 1923.

The expenses of the Fund have been confined as usual to necessary outlays for printing, postage, &c.

Particulars of the grants made by the Trustees are as follows:—£30 (in addition to £160 previously granted to her and her late husband) to the widow of a former Fellow of the Society who is without any regular income owing to the termination of a pension. £30 (in addition to £137 10s. previously granted) to the widow of a Fellow whose means of support for herself and a daughter in ill health are quite inadequate. £15 (in addition to £150 previously granted to her and her late husband) to the widow of a former Associate of the Society who for a considerable time was unable to follow

his profession and died after a long illness. £15 (in addition to £90 previously granted) to the widow of a Fellow of the Society whose husband died after a long period of ill health and who is in poor circumstances (since deceased). £7 10s. (in addition to grant of £18) to an Associate of the Society in poor circumstances. £57 10s. (in addition to grant of £66 10s.) to an Associate of the Society of advanced age whose small means, chiefly derived from a relative, are inadequate for his support. £37 10s. (in addition to grant of £30) to an Associate of the Society of advanced years and who is in poor circumstances. £7 10s. (balance of grant of £30) to an Associate of the Society in poor circumstances who is dependent for his support on relatives. £40 (in addition to grant of £30) to a Fellow of the Society whose health had necessitated his retirement from public practice on slender means. £43 4s. (in addition to grant of £16 16s.) to the widow of a Fellow for the purpose of enabling her to continue the education of her daughters. £12 10s. (balance of grant of £37 10s.) to the widow of an Associate of the Society who was killed in action, to enable her to provide for the education of one of her children. £40 (in addition to grant of £10) to the widow of an Associate of the Society who died at an early age leaving her with only slender means of support. £40 (in addition to grant of £10)

to the widow of an Associate of the Society whose means are inadequate for the maintenance of herself and children. £7 10s. (in addition to former grants amounting to £195) to the widow of a former Associate of the Society in poor circumstances (since deceased). £30 to a Fellow of the Society in poor circumstances, who through ill health and advancing age is unable to continue his occupation. £10 (part of a grant of £40) for the education of the boy of a deceased Fellow. £25 (part of a grant of £50) to a Fellow of the Society who through advancing age and ill health is unable to continue his practice.

The accounts for the year ended September 30th, 1924, duly audited, are annexed to this report, together with a full list of subscribers and donors.

Dated this 29th day of November, 1924.

JAMES MARTIN, *President.*

ARTHUR E. GREEN,  
ARTHUR E. PIGGOTT,  
E. W. C. WHITTAKER,  
W. MCINTOSH WHITE,  
HENRY J. BURGESS,  
ALEX. A. GARRETT, *Hon. Secretary.*

Trustees.

Dr.		REVENUE ACCOUNT, for the Year ended September 30th, 1924.		Cr.	
		£	s. d.	£	s. d.
To Printing, Postages, &c.	.. .. .	72	12 4	By Annual Subscriptions	.. .. . 545 15 6
„ Grants .. .. .	.. .. .	448	4 0	„ Life Subscriptions	.. .. . 99 15 0
„ Balance .. .. .	.. .. .	521	19 5	„ Donations .. .. .	.. .. . 92 5 0
				„ Dividends and Interest	.. .. . 305 0 3
		<u>£1,042</u>	<u>15 9</u>		<u>£1,042 15 9</u>

#### BALANCE SHEET, September 30th, 1924.

	£	s.	d.		£	s.	d.	£	s.	d.
Sundry Creditors .. .. .	35	0	0	Cash at Bankers—						
Revenue Account—				Current Account .. .. .	219	12	3			
Balance at Sept. 30th, 1923 ..	£6,411	13	3	On Deposit .. .. .	100	0	0			
Add Balance for 1924 .. .. .	521	19	5					319	12	3
	<u>6,933</u>	<u>12</u>	<u>8</u>	Investments at Cost—						
				£1,859 9s. 9d. 4½ per cent.						
				Conversion Stock .. .. .	1,715	0	4			
				£1,168 0s. 5d. Registered 5 per						
				cent. National War Bonds						
				(£768 0s. 5d., 1927; £400,						
				1928) .. .. .	1,150	0	0			
				£900 4 per cent. Funding						
				Loan, 1960-90 .. .. .	676	18	6			
				£1,700 3½ per cent. Conversion						
				Loan .. .. .	1,290	19	4			
				£500 India 3½ per cent. Stock	533	9	0			
				£484 17s. 4d. Local Loans						
				3 per cent. Stock .. .. .	466	0	0			
				£200 London County 3 per cent.						
				Consolidated Stock .. .. .	171	16	0			
				£204 0s. 10d. New South Wales						
				5½ per cent. Stock, 1922-32 ..	197	3	9			
				£200 New Zealand 4 per cent.						
				Stock, 1929 .. .. .	200	16	0			
				£300 London & North Eastern						
				Railway 4 per cent. First						
				Preference Stock .. .. .	246	17	6			
					<u>6,649</u>	<u>0</u>	<u>5</u>			
	<u>£6,968</u>	<u>12</u>	<u>8</u>					<u>£6,968</u>	<u>12</u>	<u>8</u>

ARTHUR E. GREEN, *Chairman of Trustees.*

I have examined the above Accounts, together with the Books and Vouchers, and find the same to be correctly stated. I have also verified the Securities of the Fund.

61, West Smithfield, London, E.C.,  
November 29th, 1924.

W. SOUTHWOOD SMITH,  
*Incorporated Accountant,*  
*Hon. Auditor.*

## What are Profits?

A LECTURE delivered before the Incorporated Accountants' Students' Society of London by

MR. REGINALD F. SILVESTER,  
INCORPORATED ACCOUNTANT.

The chair was occupied by Mr. WALTER HOLMAN, Incorporated Accountant.

MR. SILVESTER said: I feel I should make some apology for my presence as a lecturer to-night. As you are no doubt well aware, I am not an authority on this subject nor, so far as I can ascertain, on any other subject of an accountancy nature, judging from an experience I had on being asked by our energetic Secretary to take a subject this session. When I expressed my willingness to help him I also pointed out that I knew of no subject on which I could be of any assistance, and he very kindly suggested that we should examine the "Transactions" of the Society since its commencement, to see whether there was not some subject on which I could acquire merit (and we could not) or, failing that, one with a novel title. I must say that we succeeded in respect of the title so far as this Society is concerned, but I was not unduly surprised to find later on, when searching the Library, that a lecture with an identical title had been delivered in 1908 by Mr. E. Saunders, F.S.A.A., to the Bradford and District Chartered Accountants' Students' Association, to which lecture I have since been much indebted for many useful references. As for the merit you shall judge.

By the time I had consulted the scattered bibliography of our subject I came to the conclusion that there is very little that can be said that has not already been more ably written, and felt that anything I might contribute would be only a *rechauffé* of all the best people's ideas, with perhaps a strong sauce of personal opinion to flavour it. If I am able to do so, however, I should like to stimulate thought on our subject for to-night rather than surfeit you with substantial quotations from all the leading authorities, though I cannot avoid bringing them in. And now to our subject.

When we approach any subject of so argumentative a nature in the ordinary course of our business, we naturally and almost inevitably do so with a view to the particular aspect affecting us at the moment and not so much on the broader basis of what is the whole truth. But when we come together, as we do on such nights as this, to give one another the benefit of whatever is best in us, we must necessarily expand our view to comprehend and admit all aspects of the subject under discussion.

Before I proceed any further, may I give you my considered reasons for venturing on such dangerous ground. The determination of profits enters into almost every walk of life. In these days, when more and more capital is being invested by people who know little of the intricacies of modern business, it is essential that they should have faith in a body of men who can decide what is and what is not profit, and, in my opinion, that position is held by accountants alone. We have with us gigantic concerns, joint stock companies, municipalities, and even the State, participating in ventures which involve the derivation of profit and loss. We have labour co-operating in management, profit-sharing schemes of large industrial undertakings, and an increasingly urgent call for better wages and conditions, dependent upon the extent to which industries can afford to make improvements. On the other hand, we have constant criticism of all those expenses which help to make life so unpleasant—train and tram fares, electric light and gas bills, and last but not least, rates and income tax. Only from a correct appreciation of whether public services, of which these charges are the reflection, are being run with the smallest margin of profit consistent with the interests of capital, is it possible to criticise adequately and intelligently their direction and management.

During the past few years it has been borne home to me again and again what diametrically opposed views, in all good faith, can be held by accountants as to the interpretation of the word "profits," though I must admit that much unnecessary confusion arises through neglect to define terms.

To start from the dictionary, we find that the word itself is derived from the Latin "*profectus*"—progress—and I do think that if we keep this idea of "progress" fast in our mind throughout our discussion we shall indeed find that we have profited. The word itself is not confined to indicate material profit only, with which we accountants usually associate it. Its wider meaning is as intangible as our other phantom friend "goodwill." When we move a step further in the dictionary we find that the alleged synonyms do not carry us much farther on our road. We have "gain," "advantage," "benefit," "improvement," "emolument," "good," "service," "utility," each giving a different shade of meaning according to the context in which the word "profit" is used.

From the comparative safety of the dictionary I now emerge, howbeit reluctantly, to the brief consideration of no less than nine definitions culled from various sources, after all, a mere bagatelle compared with the 247 legal definitions of Roman law of which Gibbon tells us. Profit has been described as—

- (1) Accretions to capital—which reminds me of betting.
- (2) Acquisition beyond expenditure—which I think must refer to burglary.
- (3) Remuneration of abstinence—not total abstinence, mark you.
- (4) Excess of earnings over the expenses incurred in obtaining them.
- (5) The gain resulting from employment of capital or labour.
- (6) The difference between selling prices and first cost plus expenses.
- (7) The reward of services or the increment of capital value.
- (8) The excess of revenue receipts over expenses properly chargeable to revenue account. It is impossible to lay down in general a rule as to what expenses are chargeable to revenue and what to capital—a most depressing reservation, I think you will admit. And now for our ninth life.
- (9) The balance-sheet must contain a fair statement of the liabilities, including paid up capital, and, on the other hand, a fair, or more properly *bonâ fide*, value of all assets, the balance in favour of the company being profit.

And, after all this, one does feel, like Mrs. Gamp, "there aint no sich thing" as a comprehensive definition. One very interesting point, I think you will agree, emerging from this rather overwhelming medley of synonyms and definitions is, that each authority—to whom, by the way, I owe an apology for not acknowledging my indebtedness *seriatim*—has suited his definition to the particular circumstances or the subject under consideration, with the result that in the majority of cases the definition is either too vague or only of special application.

It seems to me that we may compare the question I have asked—What are profits?—to some such remark as, What are mountains? The geographer takes one view, the geologist another, the chemist another, and so on. Then, again, if we confine the view to the height of the mountain, we should have the arithmetician, who would give us what might be said to correspond with the accountant's view of profit; the mountaineer's view, which reduces height to "hours' climb," corresponding, shall we say, with the small trader's outlook on profit, even still a rule of thumb method; the geographer's view pronouncing certain requirements which must be fulfilled before the mountain can be so called—our legal friends' view of profits—and, lastly, the poet's point of view, for which I can find no earthly parallel in the realm of profits unless it be that greatest of all ideals "do unto others as you would they should do unto you."

You will see, from what I admit is a somewhat defective analogy, that the results are as diverse as the points of view, but one fact is certain—each requires to decide upon a starting point of measurement. If this is done in our present discussion and we can segregate our thoughts, not only to-night but for all time, in clearly defined categories, I feel we shall have succeeded in mastering a subject of vital importance to our clients and ourselves.



So I again ask you: What are profits?—for I do not presume either to coin a definition of my own or pronounce in favour of any one of the definitions I have mentioned until I have pressed our inquiry a step further along this, to me, mentally painful road.

Let us think from what aspects profits may be considered. Should we consider, as Sir Ernest Benn did the other day, whether profits are (1) moral or (2) immoral? If so, then does it largely depend on who is making the profits—ourselves or the other people? I suggest, however, for your consideration that whether profits in themselves are moral or immoral, their elimination would remove a very important incentive to effort and the pleasure of reward, and while it is certainly possible to work most efficiently just from a sense of duty or for the very work's sake, it is clear that the most worthy efforts this world has ever seen are inseparably connected with betterment and "progress." It is not necessary that the profit should accrue to the individual creating it in order to provide an incentive. Instance the poor Civil Servant who, for a mere pittance, unremittingly drives his nimble pen that the nation—that elusive taskmaster—shall be economically defended, housed, doctored, insured, pensioned, and, even in these latter days, supplied with beer. Not like Mr. Samuel Pepys, late Secretary of the Admiralty, who wrote: "And so from the office where nothing to do." Personally I think profits, as such, are moral within the limits of their proper acquisition and application, but I would especially invite you to an expression of opinion on this aspect of our subject. Of course it goes without saying that ill-gotten gains are in any event immoral, but I refer to well-gotten gains, as such.

I think you will agree that, apart from the question of morality (or immorality), profits may be conveniently considered from three points of view—

- (1) Economic.
- (2) Legal.
- (3) Commercial.

It occurs to me that this division broadly groups aspects of profits into—

- (1) What profits might be.
- (2) What profits must be.
- (3) What profits ought to be.

Let us review these divisions in the order mentioned.

#### (1) ECONOMIC, OR WHAT PROFITS MIGHT BE.

Let me admit at once that what I know about economic profits is not worth knowing. I must therefore perforce just tell you what our professional economists say about it. Of course, I do not wish to assume that because I have not had sufficient time or perhaps inclination to devote to a thorough study of that interesting side of the subject, I intend to throw any discredit in that direction. Far from it. To my mind that aspect of profits should provide us with just sufficient mental gymnastics to render our minds supple for the greater task of deciding what we as accountants consider profits should be, but I refuse to allow it other than as a means towards an end, so please be gentle with me in the discussion. If you are not, I shall fall back on the Chairman, who I am confident must know more about it than I do. Now what do the economists say?

If, after paying rent, wages and interest, there is any sum left on the sale of a product, that difference is profit—in other words, just what is left. Here we are immediately faced with the necessity for proper appreciation of what we mean when we talk of "rent," "wages" and "interest," and once having defined these and the true selling price, our ascertainment of profit on an economic basis is complete. I do not propose to enter into consideration of the economic components of the cost of production, as you can and, as students of this Society, must spend many weary hours reading all there is to be said on that subject, but I should like you to understand to what extent we, as accountants, may be helped by broader views of what are profits than we had twenty years ago, before economics became a feature of the Society's syllabus.

Economic profits have been aptly described as the "rent of ability." This definition cannot, of course, strictly apply to such transactions as "spotting a winner," although it is quite clear that, from a commercial point of view, unearned increment from such a source may fairly be considered a

profit. Much commercial profit acquired in trading is also due to fortuitous circumstances rather than to the individual ability of the person to whom the profit accrues or his predecessors. From these illustrations we readily realise that to carry our economic ideas of profit into the Law Courts or our Profit and Loss accounts would result in chaos. At the same time we do get a more definite, clear cut line between the reward due to capital—interest—and that due to trading—revenue profits, which it would not be so easy to appreciate were our studies confined merely to the commercial aspect of profits, ignoring interest on capital as a charge before arriving at profits or as an element of cost. I hope to say a word on this later.

One curious economic aspect of profits is that which arises in direct exchange of one commodity for another, i.e., barter. If the parties to the transaction are situated in different localities or countries both might fairly claim that they had earned a profit on the transaction, the profit in these cases being local and having regard to local conditions only, and yet an old proverb tells us that "one man's gain is another man's loss." Would you say there was any profit in a daily transaction I know took place regularly not so very long ago in the north of Scotland—six eggs for a loaf of bread? Profits from normal barter as, e.g., glass beads for elephant's tusks, must not be confused with such a case as, say, that experienced by adherents to the Tzarist régime in Russia in 1918, who found themselves with hardly any of the necessities of life but with valuable jewellery and ornaments. They gladly exchanged these valuables for food and clothing which had a considerably lower world value, and while they often considered that they had made a profitable bargain compared with their neighbours, they had not in fact made an economic profit on the deal, for they did not even recover rent, wages and interest comprised in the cost of the valuables. Such an instance brings us to the consideration of what is a fair profit. The economist very sagely says that there is no recognised principle governing the proportion which profits should bear to the total product, and leaves it at that, and yet we have had to administer such legislation as the Profiteering Act, 1919. As you will remember, in that Act it was provided that if the sale of articles in view of all the circumstances yields an unreasonable profit to the persons engaged in the production, handling or distribution of articles, then these persons shall be liable to certain penalties. It was further provided that "a rate of profit which does not exceed the fair average rate earned by persons in the same way of business as the seller upon the sale of similar articles under pre-war conditions shall not be deemed unreasonable." But what does "rate of profit" mean? Does it mean on cost, on selling price, on capital employed, or per article? I decline to give an opinion. Perhaps the Royal Commission on Food Prices will be able to find an answer, but our dictionary stands us in good stead on this point—for what it is worth—by stating a rate of profit to be "the amount of profit compared with the capital employed." And why should a "pre-war rate" provide a reasonable standard? Of course, we can get over the difficulty by saying that a fair profit is a profit which a reasonable man would consider reasonable, but if any of you read an article in "Punch" of July 9th last, "Misleading Cases," you would know that the reasonable man is the most impossible individual, although he is contemplated every day in the abstract in His Majesty's Courts of Law. Among other attributes of what Mr. Punch describes as an "excellent and odious character" is he "who in the way of business looks only for that narrow margin of profit which twelve men such as himself reckon to be fair." I do not agree that the return on capital employed is conclusive as to fairness or otherwise, though it should, of course, be taken into account. All the circumstances of each case, the previous history and present custom of the trade, the circumstances under which the profit is made, the effect of its publication on the mind of the public (for what that is worth), the risks taken and the amounts involved, should all be considered. A street vendor of matches may make 100 per cent. profit on cost and 500 per cent. on capital employed, but the net results of his trading should not on that account alone be considered exorbitant. But whether the profit derived be fair or not, when we come to consider our subject from the second broad aspect with which I wish to deal we shall see that our good friends the lawyers have legislated for us in no uncertain manner, and that without regard to whether we think profits are fair or not. The result

is that when untrained minds first meet with what profits for certain statutory purposes must be, they think they have an inalienable right to "grouse." So when we think of

## (2) LEGAL PROFITS, OR WHAT PROFITS MUST BE,

let us approach the subject after rather than before a study of economics. We shall then see more clearly why the State considers certain funds to be profit, when the taxpayer most decidedly and emphatically does not.

Now you all know that the Income Tax Acts and the Acts relating to executorship administration provide the basis of the majority of decisions as to what are profits from a legal point of view.

Fortunately for the lawyers and ourselves, the layman loathes to refer to these Acts. If he did study them sufficiently for practical service he would usually find he had very little time left to make profits. Hence the necessity for our services. But I do not think that because business accrues to us from contentious sources such as "what are profits" we should depart one hair's breadth from the highest ideal of our profession, viz, to formulate laws so clear that, at least in the profession, there shall be no doubt as to their meaning. One of the sections of law which to my mind has not received sufficient attention from the profession as a separate subject is that relating to the derivation of profits. It has unfortunately become almost exclusively identified with one very specialised branch of work, viz, income tax assessments, which branch has become so overgrown with artificial restriction and expansion that it is difficult to dissociate one's mind from that one branch, and regard our trading results as something more than a dividend or tax-paying fund.

At the same time legal guidance, whether in the wording of an Act of Parliament or a decision of the Courts, is extremely valuable to us, as we know that in the event of disagreement between accountants, and in the absence of an arbitrator, points of difference fall to be decided by His Majesty's Judges. It is, however, a relief to know that in the legal mind there is some appreciation of the difficulties which confront accountants and which, but for our expert assistance, would, in these days of complicated finance, be a continual source of litigation. Professor Dicksee says that "until an undertaking is wound up, profit is an estimate and not a question of fact." Lord Loreburn, in *Sun Insurance Office v. Clark*, said: "There is no rule of law as to the proper way of making an estimate. What was a good method once may become inaccurate or obsolete." So with these two pessimistic statements before us, whether we look at legal or commercial profits, the student finds himself in the position of Charley's Aunt—"still running" and no nearer the object of his pursuit. But once again I do not propose that we shall enter into the niceties of legal profits for income tax or other purposes, but see if we can evolve certain underlying principles. First of all, I think that when a learned Judge says "What are profits?" he invariably means what are revenue profits, unless the case specifically turns on the distinction between capital profits and revenue profits. Then, again, we are met with the dictum in our old friend *Lee v. Neuchatel*: "There is no hard and fast rule by which the Court can determine what is capital and what is revenue." If we can overcome the insuperable difficulty which presented itself to Mr. Justice Farwell we have indeed arrived.

Now so far as assessable profits for income tax purposes are concerned, while enactments relating to that subject do not tell us what is profit, they clearly show us what is not considered to be a proper charge in arriving at profits, and any charges falling outside this category may be fairly charged in calculating profits, although they may not be so charged in the accounts of the concern. Conversely, certain revenue receipts are specifically excluded—hardly any—and, as regards such items as "wear and tear allowance," definite rates of charge are specified. Apart, therefore, from the merits of border line cases, the ascertainment of profits for income tax purposes, assuming the accounts of the taxpayer accurately represent the facts (which they rarely do), is a matter of exact computation. As to border line cases, may I suggest that a very useful acid test is to assume the reverse of the result of the transaction and see whether the converse of the original proposition would hold good. To make my meaning quite clear, suppose the Crown allege that a

particular loss is not a proper charge for income tax purposes but without being able to indicate under what authority that disallowance is made, consider whether, had a profit been earned on the same transaction, the Crown would be able to tax that profit. If so, then it seems to me that the loss should be allowed. The converse process should be adopted when income tax is sought to be charged on a profit which is alleged by the Crown to be a Revenue profit but which the taxpayer considers to be a capital profit. What it seems to me the State finally seeks to consider as assessable profits is the excess of earnings over the expenses incurred in obtaining them. After having ascertained assessable profit we then require to apply further rules to find taxable profit.

Now as to the ascertainment of capital profits and revenue profits under executorship law, we find in our text books that revenue profits (or income) are described as the annual proceeds arising from the investment of capital. Here again, once the rules and case law thereunder are absorbed, the ascertainment of legal revenue, i.e., income as distinct from the *corpus*, is a comparatively easy matter. I know it does not seem like it to the average student—it did not to me, and I came down pretty badly on the executorship paper we had in those days—but it is really largely a question of absorption and application in an intelligent manner of well-defined rules. I will not trouble you with these rules, which are so well summarised on page 229, Spicer & Pegler's "Executorship Law and Accounts," and preceded by a most profound hint, which may be paraphrased—when in doubt, vote capital.

A third and most important category under which profits have been considered by the Courts is that of divisible profits in the accounts of limited companies. There is nothing in the Companies Acts to define divisible profits, but Table A, the adoption of which is optional, indicates the attitude of the legislature to this matter in Article 97 as follows:—"No dividend shall be paid otherwise than out of profits." While shareholders can make any arrangement they like as to what shall be regarded as divisible profits (provided they do not prejudice the rights of creditors), if they do adopt Article 97 of Table A, then all the appropriate decisions of the Courts apply as regards what constitutes capital profits and what revenue profits. I will not burden you with quotations from all the well known leading cases so ably summarised in Spicer & Pegler's "Auditing" (page 364), as follows:—"Capital profits are not available for dividends unless (1) The Articles of Association permit such distribution, (2) The surplus is realised, (3) Such surplus remains after a proper valuation of the whole of the assets has been fairly taken."

But I should like to draw your attention to the recent decision in *Stapley v. Read Brothers, Limited*. In this case it was held that surplus profits applied in reduction of goodwill could be written back to appropriation account in a succeeding year, profits not being considered to be capitalised by reason only of the fact of their being applied in reduction of an asset of at least the value previous to writing down. So much for "divisible profits" on which we could spend the whole evening. Now before we leave legal profits, may I just refer to a well known class of illegal profits, or as they are sometimes called "secret profits."

This is just a euphonious name for bribes or illicit commission. A bribe is a gift or valuable consideration of any kind—even a lunch—for the purpose of inducing an agent to act to his principal's detriment. These profits have formed not only the subject of an interesting discussion by this Society as far back as 1899, but are also the subject of the Public Bodies Corrupt Practices Act, 1889, which keeps the official world in order, and the Prevention of Corruption Acts, 1906 and 1916, which does the same kindly office for the commercial community. Without entering into a long discussion, it may be remarked in the words of Sir Edward Fry, quoted in Mr. Woodington's lecture of April 25th, 1899, that "A master or principal may recover from his servant or agent every penny which has been received by way of secret commission in his service or agency. The master or principal may as a general rule dismiss without notice or payment in lieu of notice, any servant or agent receiving a secret commission—a contracting party may repudiate a contract produced in any way by a bribe to his agent. A contracting party may recover from the briber and the bribed, or either of them, any sum



which he has paid under the contract, and which, in consequence of the bribe, was in excess of the fair or market price. A contracting party whose agent has been bribed by the other party, during the execution of a contract may, in spite of its being part performed, rescind it and recover what he paid both to the briber and the bribed." So you will see that the game is not worth the candle, to put it on the lowest plane, especially when we remember that imprisonment with hard labour not exceeding two years, or a fine of £500, or both, may be the penalty or, on summary conviction, with or without hard labour not exceeding four months, or a fine of £50, or both. Under the Prevention of Corruption Act, 1916—if the contract or proposal for contract or sub-contract is with His Majesty or any Government department, or any public body, the penalty is even more serious—penal servitude for a term not exceeding seven years not less than three years, in addition to a fine. Payments made to agents are assumed to be corrupt unless the contrary is proved. I think I have now said sufficient to indicate that as accountants we should do all in our power, as keeper of the business man's conscience, to purify the atmosphere in this respect. I certainly do not think there is as much bribery in this country as formerly, and certainly not so much as there is still in many other countries.

Now having skated over all this economic and legal thin ice with an increasing feeling of cold feet, let us now approach the solid if somewhat entangled ground of commercial profits.

### (3) COMMERCIAL PROFITS, OR WHAT PROFITS OUGHT TO BE.

When I say "ought to be" I mean what accountants consider they ought to be.

Now first of all we should never forget that the figures we deal in as accountants are intended to represent facts, and only in so far as they discharge this function can they be said to reach our ideal. Neither should we forget that "a professional certificate given by a Chartered or Incorporated Accountant is *prima facie* evidence of truth and reliability, and is recognised as such in a Court of Law." So says Mr. Albert Crew, and such has been my own repeated experience. We hear the well known phrase that "figures can be made to prove anything," and so they can if they be not used honestly, but we want to look at figures not so much to prove facts as to represent facts, which perhaps is a fine distinction, but I think none the less tenable. The acceptance of this statement imports something more than its obvious meaning—it raises accountancy to the status of an exact science. The more accurately we fix "cost" the nearer shall we approach the derivation of true profits, which brings me, at last, to the classification of profit most familiar to us as accountants.

#### (1) Gross revenue profits;

#### (2) Net revenue profits.

In addition to these subdivisions I shall also briefly refer later to other qualifications of the word "profit" found in such expressions as—

#### (3) Capital profits;

#### (4) Concealed profits;

each of which might form the subject of separate lectures.

### (1) GROSS REVENUE PROFITS.

These have been defined in the "Accountants' Compendium" as follows:—"The difference between the cost of goods which have been sold and the proceeds of their sale without any deduction in respect of the expenses of distribution of the goods or the general management of the business. The cost of the goods includes the cost of manufacture, materials, productive labour, rent, rates, &c., in respect of the premises used for manufacture, depreciation of such premises and the machinery employed, and any other expenditure directly attributable to the manufactory." Personally, if I may express an opinion, I do not consider that when we have said that we have said all, though that definition is undoubtedly the generally accepted meaning of "gross revenue profits." The exclusion of a proper proportion of general management expenses is hardly consonant with a complete view of true gross profit. I therefore suggest that, unless we wish to give the term an entirely new if more accurate meaning, it would be necessary to strip it of its present significance,

which at this time of day appears to be almost impossible. Assuming that it were possible, would our greater accuracy of expression yield more satisfactory results? To pursue this inquiry, we must ask ourselves why we want to know what are gross profits. Before costing developed, the relationship of gross profits to sales was the only approximately true guide a manufacturer or trader had to economical working, and nowadays I think we agree that at best it was a guide of doubtful accuracy. The results of the calculations are liable to fluctuation in accordance with as many diverse factors as there are items in the "trading account," and the final result, which might in an extreme case indicate where the weak spot in organisation arises, is usually capable of a complexity of explanations of no real value for purposes of criticism. So, while the shell of the trading account still remains and, in small businesses, is still a recognised and perhaps convenient form of account, we realise that true gross profit should be arrived at after charging a proportion of items such as usually appear in totals in the "profit and loss account" only. I will not worry you with a recitation either of what the text books say should be brought to account in arriving at gross revenue profits or even what I think should be included or excluded, except to say that, in my opinion, items attributable to distribution and finance should be excluded, unless in a particular case there is clear evidence that more valuable results would be obtained from inclusion, or those items vary with the cost of manufacture. If it is desired that the gross profits shall be purely an indication of economical working, then only charges which very directly with costs of manufacture should be included. To conclude this heading, I may say that I have been unable to find any reference to a legal decision on what are "gross profits," and should be glad to hear of one.

### (2) NET REVENUE PROFITS.

Net revenue profits is the balance remaining after charging all expenses of manufacture, distribution and management, and administration attributable to the earning of that balance. Here again, if we had time and you had the patience, I could furnish you with a long list, to be found in all the best text books, of what items might or should be found in this computation. I must remark, however, that in my opinion no appropriation or allocation of profit, whether by way of (a) reward of capital, i.e., interest on fixed loans and debentures and dividends, &c.; (b) reserves other than those for the purpose of equitable equalisation of charge (e.g., for bad debts); (c) items of a capital nature (apart from normal depreciation); (d) income tax, Schedule D, should be allowed as a charge in arriving at net revenue profits. As you will see, I dare to differ from some of the leading authorities in my first exclusion, "reward of capital," and I do so most emphatically. I do not propose to argue that vexed question as to whether cost should include a hypothetical rate of interest on capital employed, but I would like to learn whether I have any support in my view of the relegation to the appropriation account of such items as debenture interest. Of course, I do not mean that it really matters to which actual account a board of directors choose to allocate the item, but I consider it does matter whether, as accountants, we visualise net revenue profits in the abstract as including these items as a charge in arriving at that result or not. I refrain from boring you with my exhaustive and perhaps exhausting reasons why I adopt this attitude, but should welcome discussion on this argumentative subject. Now as to

### (3) CAPITAL PROFITS.

We have already seen what the legal view is and, to the extent to which legal decisions apply to our work, we accountants accept them in general so far as these decisions are consistent with legal definitions. But we are constantly being called upon to decide, without any specific authority, whether certain profits are capital accretions. Under this heading we have (a) profits prior to incorporation, (b) profit on capital issues at a premium, (c) profit on fixed assets, subdivided into "realised" and "unrealised," none of which latter should normally be credited to revenue profit. I am afraid that the limited time will not permit me to define these subdivisions, as I am more anxious that you should obtain a comprehensive view of our subject than an encyclopaedic conglomeration of heterogeneous definitions.



## (4) CONCEALED PROFITS.

Another term for this class of profit is "secret reserves," and here again we are met with a moral issue. There is apparently no definite guide for the accountant as to whether he should refuse to sign a balance-sheet which does not correctly represent the state of the company's affairs in the sense that stock-in-trade or certain of the fixed assets have appreciated in value or have been over-depreciated without corresponding adjustment in the accounts or do not appear at all in the balance-sheet. He is recommended to test the *bona fides* of the directors or managers, but, as these are often men with whom he is in close association, it is difficult to see how he can avoid at least some slight prejudice in favour of their opinion as to valuation. How such a balance-sheet which conceals profits can be said "to exhibit a true and correct state of the company's affairs" I cannot understand, and that, notwithstanding the well known judgment in *Newton v. Birmingham Small Arms Company, Limited*, which appears to excuse the auditors from responsibility if the financial position of the company is at least as good as the balance-sheet shows. I maintain that we should endeavour to see not only that the truth but that the whole truth is stated so far as in us lies. The balance-sheet is the responsibility of the directors, but any balance-sheet such as I have described which conceals profits should bear a qualified certificate.

## CONCLUSION.

Having now considered commercial profits from a number of different aspects, I should now like to summarise the results of our review. In considering what profits are, we must first of all decide from what standpoint we are to view them.

In the economic view I suggest that profit is the difference between the produce derived from an undertaking and the necessary outlay therefor, including the replacement of exhausted capital.

In the legal view ascertained profits are the result of the application of certain legal enactments and case law resulting therefrom, either under—

- (1) Finance Acts;
- (2) Executorship law;
- (3) Divisible profits in the accounts of limited companies;
- (4) Profiteering Act, 1919;

or (5) Any other legislative restrictions.

In the commercial view we must decide what class of profits we are to think of, whether—

- (1) Gross revenue profits;
- (2) Net revenue profits;
- (3) Capital profits;
- (4) Concealed profits.

I do not think I can conclude this subject better than in the terms of a recent leading article in *The Accountant* of October 4th last, written in a different connection, but I think none the less applicable: "We shall be well advised to realise that there is a call for accountants with a new outlook. Light is needed. Accountants can be the lamp bearers," but, might I add, let us "take heed that our light be not darkness," for "what shall it profit a man if he gain the whole world and lose his own soul."

The first Rugby football match between Cardiff and Newport Incorporated Accountant Students took place at Newport. In spite of the inclement weather an exciting and interesting game ensued, resulting in a victory for Newport students by four tries (twelve points) to one try (three points). The outstanding players for Newport were Mr. T. White and Mr. H. J. Davies, and for Cardiff Mr. T. N. T. David. Mr. A. E. J. Holland ably refereed the game. After the match the visiting players and their supporters were entertained to tea at the Queen's Hotel, Newport, and an enjoyable smoking concert followed.

## District Societies of Incorporated Accountants.

## BRADFORD.

The fourth lecture of the session was held on December 3rd, when Mr. T. C. Locker, M.Com., M.Sc.Tech., Barrister-at-Law, of Warrington, spoke on "Some Knotty Points in Company Law." Mr. T. A. Spittle, A.S.A.A., occupied the chair, and there was a large attendance. Mr. Locker based his lecture upon the requirements of the law as to the Memorandum and Articles of Association of a company, and dealt at length with the decisions in several recent cases. The lecture was followed by a discussion, in which most of the members present took part.

## Syllabus of Lectures.

- 1924.
- Sept. 24th. General Meeting, followed by a Lecture on "Costing and Manufacturing Accounts," by Mr. Stewart M. Rix, A.S.A.A.
- Nov. 18th. Lecture, "The Economic Theory of Value and Cost," by Professor H. D. Dickinson, of Leeds University.
- Nov. 25th. Lecture, "The Law of Partnership," by Mr. T. Lister Croft, LL.B.
- Dec. 4th. Lecture, "Differences in the Law as regards Real and Personal Estate," by Mr. T. Lister Croft, LL.B.
- Dec. 10th. Lecture, "Some Points in Company Law," by Mr. T. C. Locker, M.Com.M.Sc., Barrister-at-Law.
- 1925.
- Jan. 7th. Lecture, "The Commercial Use of Statistics," by Mr. A. Lester Boddington, F.S.S.
- Jan. 13th. Joint Meeting with the Yorkshire District Society—A Mock Meeting of Creditors—to be held at the Chapter Hall, Church Institute, Albion Place, Leeds, at 7.15 p.m.
- Jan. 19th. Lecture, "Economics," by Mr. R. S. Dower.
- Jan. 29th. Lecture, "The Suggested Reforms in the Bankruptcy Laws," by Mr. J. H. Lockwood, Solicitor, Bradford.
- Feb. 16th. Joint Debate with the Bradford Law Students' Society and the Bradford Chartered Accountants' Association.
- Feb. 17th. Lecture, "Notes on Appointment," by Mr. Alfred Pulman.
- Feb. 26th. Lecture, "Examinations from the Students' Viewpoint," by Mr. G. L. Pratt, A.S.A.A., London.
- Mar. 5th. Lecture, "Notes for Students of Costing," by Mr. G. L. Waddington, A.S.A.A.

The meetings will be held at 7.30 p.m. in the Library of the Liberal Club, Bank Street, Bradford, except where otherwise stated.

Student members are recommended to attend the lectures on "Commercial Law" and "The Law of Contracts," by Mr. J. J. Wright, LL.B., Barrister-at-Law, to be held at the Technical College, Bradford, at 7.15 p.m., each Wednesday during the 1924-25 session. Further particulars may be obtained from the College or from the Secretary, Mr. H. Reynolds.

## NEWCASTLE-ON-TYNE.

## ANNUAL GENERAL MEETING.

The annual general meeting of this District Society was held recently at Armstrong College, Newcastle-on-Tyne, when the chair was occupied by Mr. T. R. G. Rowland, F.S.A.A., of Stockton (Vice-President of the Society).

In moving the adoption of the report and accounts, he said the Society had had a most successful year. There had been a net increase of membership of 51, and their finances were in a satisfactory position. The examination records of students of the District Society had been well maintained, and of 108 student members about 25 per cent. had already passed the Intermediate examination. Mr. Rowland referred

to the question of registration for the profession and said that this policy had been before the Society for many years, though he regretted it had not been possible to make it effective.

In dealing with the present position of the profession he deprecated strongly the advertising and touting accountant whose clients went to him simply through the advertisements which were inserted in the press. He had recently come across some bad cases of this kind of thing.

The adoption of the report was seconded by Mr. W. Hughes and adopted.

The following officers were elected:—President, Mr. Richard Smith, F.S.A.A., Newcastle-on-Tyne; Vice-President, Mr. T. R. G. Rowland, F.S.A.A., Stockton-on-Tees. Re-elected as members of the committee:—Mr. F. W. Smith, A.S.A.A., Newcastle-on-Tyne; Mr. J. Telfer, A.S.A.A., Newcastle-on-Tyne; Mr. A. M. White, A.S.A.A., Newcastle-on-Tyne; Hon. Auditor, Mr. T. H. Major, A.S.A.A., Newcastle-on-Tyne.

The business of the meeting concluded with a vote of thanks to the hon. secretary and treasurer Mr. J. Telfer, and also to Mr. Rowland for presiding.

After the business meeting an informal dinner took place in the refectory of the college.

#### "INSURANCE BY INDUSTRY"—PROFESSOR HALLSWORTH REVEALS GRAVE DEFECTS IN SCHEME.

Professor H. M. Hallsworth, of Armstrong College, gave a lecture at Armstrong College on November 21st to members of the Newcastle-on-Tyne and District Society of Incorporated Accountants and Auditors, his subject being "Unemployment Insurance by Industry." Mr. Richard Smith, President of the Society, was in the chair.

Broadly speaking, said Professor Hallsworth, unemployment is caused by fluctuating demand for goods and services on the part of consumers. But it is also affected by the state of the money market and the working of the credit system. In neither of these two directions is there any prospect of real improvement in the near future. Hence the problem of unemployment must be dealt with in other ways. Provision of work by public authorities, whilst helpful in periods of exceptional unemployment as at the present time, does not and cannot really solve the problem. The best method of meeting the difficulties would therefore seem to be by insurance.

The present State scheme of compulsory unemployment insurance had proved a very great success. But it had its critics. The chief alternative method proposed was that of insurance by industry, which had been supported not only by certain political leaders, but by some employers and some trade unions.

Examination of the proposal, however, disclosed the fact that there were grave defects involved in the scheme, and a number of disadvantages. The chief difficulty that the scheme would have to overcome would be that of accurately defining each industry, so that first there would be no possibility of doubt as to which industry a given worker belonged—a difficulty which was well nigh insuperable—and, secondly, of making provision for those workers who changed their employment from time to time, or at different seasons of the year.

The chief difficulty was that the State Employment Exchanges would still be required for the general pool of unskilled labour, and further, specialised exchanges for each of the chief industries, to work the industry's own insurance scheme. Thus the administration expenses would be much heavier than they were under the present scheme. There were, too, other minor disadvantages.

The balance of evidence seemed to be against the scheme of insurance by industry, and in this case it would appear to be better to try and improve the existing scheme. This could be done by increasing the amount of benefits, which would imply increased contributions; by making provision for increased benefits to the higher wage earners, and by securing greater horizontal mobility of labour.

"Negotiable Instruments" was the subject of a lecture delivered on December 15th at Armstrong College by Mr. C. B. Fenwick, M.A., Barrister-at-Law. The Lecturer pointed out the enormous contrast between negotiability and the English law of property. The essence of the latter was title, and the owner of property must be prepared, if

necessary, to prove his title and that the person from whom he derived it was entitled to transfer to him, whereas the whole principle underlying negotiability was that a person who comes into possession of a negotiable instrument so as to constitute himself the holder in due course obtained a title to it against all the world, provided (1) that he had taken it in good faith, (2) that he had no knowledge of intervening fraud, and (3) that he had paid valuable consideration. The Lecturer then proceeded to explain the various stages through which a negotiable instrument passed from the drawing up to payment or dishonour, and touched upon a bill accepted for honour *supra* protest and the accommodation bill. He concluded with a reference to cheques, their various crossings and results, and the position of the banker when dealing with his customers' cheques. A discussion afterwards took place, in which many members participated.

#### YORKSHIRE.

The third lecture of the session took place on November 25th, at Leeds. The subject of the lecture, which was given by Mr. H. Julius Lunt, F.C.A., Manchester, was "Statistics." The chair was occupied by Mr. A. Schofield, A.S.A.A., Leeds. A good attendance of senior and student members welcomed Mr. Lunt on his first visit to this Society, and followed the paper with interest. Mr. Lunt illustrated his remarks with graphs relating to a motor business. The graphs showed the year's results for the various departments of the concern, and the repairing department's standing charges, &c., were compared with actual output and work done during the twelve months. Several interesting questions were asked at the close of the meeting, which terminated with a hearty vote of thanks to the Lecturer.

The fourth lecture of the session was held at Leeds on December 2nd. The lecturer was Mr. A. Lester Boddington, London, who addressed the meeting on "Accounts as a Method of Control." Mr. Wm. Gaunt, F.S.A.A., Leeds, occupied the chair. In the first part of his lecture, Mr. Boddington referred to the advantages of getting out financial results as quickly as possible after the close of the period to which they related, and the disadvantages, from the point of view of control, of receiving results several months after the financial period has closed. The Lecturer quoted the case of the five large controlling joint stock banks, who have their results completed three weeks after the close of the year; he also gave details of how this is achieved by organisation. All business transactions are posted up daily before the staff leave, and the daily return is laid before the manager each morning as to the position at that date. The Lecturer went on to show the advantages of re-arranging trading and profit and loss accounts to show certain aspects of results which are of vital importance, quite apart from the net results shown in money values. He gave examples of certain American trades where comparative results covering large areas have been prepared for reference by other traders. At the close of this interesting paper a short discussion took place. Mr. A. France, Incorporated Accountant, Leeds, moved a vote of thanks to the Lecturer, which was seconded by Mr. G. Malthouse, Leeds, and confirmed by those present.

#### Reviews.

**Digest of the Law relating to Bankruptcy and Deeds of Arrangement.** Second Edition. By Neville Hobson, Solicitor. Beverley: Wright & Hoggard, Minster Press. (66 pp. Price 3s., post free.)

This is a very useful little synopsis of the Law relating to Bankruptcy and Deeds of Arrangement. The subject matter is condensed into the smallest possible space, but at the same time conveys the information which is usually wanted. The subject headings include: "Statement of Affairs"; Resolutions, Meetings and Voting"; "Composition or Scheme of Arrangement," giving the grounds on which the scheme may be accepted or refused; "Discharge," setting forth the grounds on which this will be refused and the effect of the discharge when granted; "Trustee in Bankruptcy," under which are detailed the trustee's powers with and without



the sanction of the Committee of Inspection, how his remuneration is fixed and his release obtained; "Property of the Bankrupt," explaining the position with regard to after acquired property, the doctrine of "Relation Back" and property which does not pass to the trustee. Other matters dealt with include "Reputed Ownership," "Bills of Sale," "Antecedent Transactions" and "Protected Transactions," likewise the position with regard to Preferential, Secured and Execution Creditors. At the end is given a chronological summary of the trustee's duties from the time of his appointment until his release has been granted. Part 2 of the book deals similarly with Deeds of Arrangement.

**The Sale of Goods Act, 1893.** Tenth Edition. By Sir M. D. Chalmers, K.C.B., C.S.I. London: Butterworth & Co., Bell Yard, Temple Bar. (246 pp. Price 15s. net.)

This work is prepared by the draftsman of the Act, who was formerly Parliamentary Counsel to the Treasury and is therefore a recognised authority on this particular branch of the law. The method of dealing with the subject has been to take the Sections of the Act *seriatim* and add explanatory notes and references to cases. The book also contains the text of the Factors Act, 1899, and the Factors (Scotland) Act, 1890, together with an appendix of other Statutes bearing upon the subject, and a further appendix explaining the meanings and origin of the various terms used in connection with the carrying out of transactions for the sale and delivery of goods. The book is well indexed and includes a very complete table of cases.

## Scottish Notes.

(FROM OUR CORRESPONDENT.)

### Modern Ideas as to Business Management.

A lecture was given to the Glasgow Students' Society on the 17th ult. by Mr. Donald MacKay, B.L., Glasgow, on the above subject. Mr. James Paterson, F.S.A.A., presided over a large audience, and was supported by Mr. W. Hill Jack, F.S.A.A. Mr. MacKay, referring to the subject he had chosen, stated that in his view the general subject of business management fell appropriately within the sphere of an accountant's duties. There were two views of a profession, a narrow view and a broad view. He instanced the legal profession to which he belonged. Nothing could be narrower than some aspects of the law, but in other directions the law marches out into the broad fields of political science, history and public life. So with accountancy: nothing is more precise than figures, but figures are merely applied principles, and accountancy is soon found to have reference to business management, economics and law.

The Lecturer then referred to the growth in the last few decades of limited companies on the one hand and the growth of trades unionism on the other. He pointed out that in many large industrial concerns the directors were practical men, and the day of fancy directorships was, in his view, passing. In future at the heads of large companies would be found men who really know business, and who will direct what may be termed the higher policy of the concern—the finance and commercial enterprise. But under them would be found the new class of men who were brought into existence by the changed conditions of business. These were the managers. He urged the special education of such men in scientific management, and pointed out that in America some universities had special courses in industrial education, which included such subjects as publicity or advertising, engineering or knowledge of machinery, commercial law, and, what perhaps was most important of all, cost accounting. Some colleges also added such subjects as sociology, or the study of social problems, and psychology, which concerned the study of moods or mental impressions. He urged that the trained manager was likely to have a better understanding of

the psychology of the men, and under fair conditions should bring a new spirit to industry.

On the other hand, however, the growth of the trades unions during recent years introduced another element into the conduct of business management. In his opinion this growth will be their undoing rather than their strength. In other words the trades unions are being centralised to death. Huge federations are controlled from London. They have leaders in Parliament able to influence Prime Ministers, and even to threaten the economic life of the whole community. This state of affairs, the Lecturer believed, was passing, and if the new management knew its business it should pass altogether. Among the unions themselves there is much dissatisfaction with the policy of centralisation. Localities and trades complain that their special interests are not sufficiently attended to in national settlements. It is useless to complain because national settlements cannot afford to make allowances for local or trade peculiarities. The cure must be found in drastic decentralisation of trade unionism.

The Lecturer pleaded for industry in fellowship, or fellowship in industry, and proceeded to discuss Whitley Councils. In his view the machinery for co-operation in industry was there, but its operation had been abused. These Councils, which should have contributed to the building up of a spirit of mutual understanding and personal confidence leading to intelligent co-operation between employer and employed, had been denounced by extremists on the labour side as a capitalistic trap to further the domination of capital. The report of the Whitley Committee put forward an ideal, namely, the better utilisation of the practical knowledge of the workers; the securing of a greater share in the determination and observance of the conditions of work; the establishment of regular methods of negotiation, methods of fixing and adjusting earnings, technical education and industrial research; the consideration of new inventions and improvement of processes. The reality is very far from this, and the Industrial Councils' operations usually ends in some kind of compromise being patched up, or the question in dispute is referred to the Industrial Court, or to arbitration, or a strike takes place.

The Lecturer then discussed at length the question of wages, and referred to the system adopted in Government Departments, and more recently by banks and insurance companies, of a reasonably good starting wage, with increases with length of service, provided conduct is good and certain qualifications are secured. The same principles might be adopted with regard to workers. Reference was also made to welfare work, housing and other aspects of modern industrial conditions. In conclusion, the Lecturer urged that industrial and business management should have for the leading idea intelligent and trustful co-operation between the worker and the manager. At the close, a number of questions were asked and answered, and the Lecturer was accorded a hearty vote of thanks for a most interesting lecture.

### Judicial Factors and the Trust Act, 1921.

The Junior Lord Ordinary reported to the Second Division of the Court of Session recently two notes by judicial factors which had been presented to the Court for authority to complete title and to sell. In one case the note related to an intestate estate, while in the other case the note related to an estate for the administration of which the testator selected trustees, who, however, after accepting office secured the appointment of a judicial factor and then resigned office. The question upon which direction was asked was whether a judicial factor was entitled without special authority from the Court to sell certain heritage which was part of the estate he was administering. Neither the law nor the practice prior to 1921 lent any countenance to the suggestion that he could, but it was maintained that the Trust (Scotland) Act, 1921, introduced a change and empowered the judicial factor to sell without the authority of the Court. The Court were of opinion that it was now unnecessary for judicial factors to ask the authority of the Court to sell heritage. The Lord Justice Clerk said he was of opinion that the Act conferred upon the judicial factor power to sell, and that a special application to the Court was unnecessary. The contrary view appeared to his Lordship to involve a construction of the statute not only characterised by a rigid and pedantic literalism, but also sinned against the obvious intention of Parliament in passing the Act.



## Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division. *e.g.* (1923) 2 K.B. :—

T.L.R., *Times Law Reports*; *The Times*, *The Times Newspaper*; L.J., *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors Journal*; W.N., *Weekly Notes*; S.C., *Sessions Cases (Scotland)*; S.L.R., *Scottish Law Reporter*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B. & C.R., *Bankruptcy and Company Cases*.

The other abbreviations used in modern reports are H.L., House of Lords; A.C., Appeal Court (House of Lords and Privy Council); C.A., Court of Appeal; Ch., Chancery Division; K.B., King's Bench Division; P., Probate, Divorce and Admiralty Division; C.S., Court of Session (Scotland); J., Mr. Justice (King's Bench or Chancery); L.J., Lord Justice; L.C., Lord Chancellor; M.R., Master of the Rolls; P., President of Probate, Divorce and Admiralty.]

### REVENUE.

#### **Atherton v. British Insulated and Helsby Cables.** *Large Sum paid out of Profits to Pension Scheme assessable to Income Tax.*

The respondents were desirous of initiating a pension fund for their staff upon a basis of contributions by employers and employed, the scheme being beneficial to the latter and for the advancement of the respondents' business. In order to make the fund solvent from its inception they allocated to it out of their profits a sum of £31,784.

It was held by the Court of Appeal (reversing the decision of Rowlatt, J., reported in *The Incorporated Accountants' Journal*, September, 1924, p. 320) that it was not permissible to deduct this sum from the respondents' profits assessable to income tax, not being a sum "wholly and exclusively laid out or expended for the trade, profession, employment or vocation," within the meaning of the Income Tax Act, 1918, Schedule D, Rules applicable to Cases I and II, 3 (a), but rather "capital withdrawn from or any sum employed or intended to be employed as capital in such trade, profession, employment or vocation," within the terms of Clause (f) of the same rule.

(C.A.; (1924) 69 S.J., 103.)

#### **Inland Revenue Commissioners v. Turnbull.**

*Excess Profits Duty where Agent's Remuneration consists wholly of a fixed sum.*

Sect. 39 of the Finance (No. 2) Act, 1915, excludes from the businesses made liable to excess profits duty the business of an agent whose remuneration consists wholly of a fixed and definite sum not depending on the amount of business done. A firm of shipbrokers and managers, whose usual remuneration was by way of commission, undertook to manage for the Minister of Shipping three neutral ships, for which they were to receive a fixed yearly sum in respect of each of the ships.

On the question whether the business done by this firm for the Minister of Shipping was so far a separate business that they ought to be treated as being engaged in two businesses in respect of one of which they were, and of the other they were not, liable for excess profits duty, it was held by the Court of Appeal that in both cases they were managing ships, and the fact that in one case they were paid by a fee made no change in the fundamental nature of the business, and it could not be said that they carried on two businesses because they acted for separate customers whose terms of employment were different, therefore they were liable to excess profits duty in respect of the three ships.

(C.A.; (1924) 158 L.T.N., 390.)

#### **Thew v. South-West Africa Company, Limited.**

*Profits from Sales of Lands included in Profits and Gains of trade for assessment.*

The respondent company was incorporated in England under the Companies Acts for the objects, *inter alia*, to acquire and develop certain concessions in South-West Africa.

Assessments to income tax made upon the company for the years to April 5th, 1916, and to April 5th, 1917, included sums realised as profits on the sale by the respondent company of certain of its lands.

Rowlatt, J., held that as the company's objects included a power to turn the land to account as an object of an adventure with a view to profit, the profits from the sale of lands could not be excluded from the profits or gains of its trade, and this decision was affirmed by the Court of Appeal.

(C.A.; (1924) 158 L.T.N., 391.)

#### (1) **Ricketts v. Colquhoun.**

#### (2) **Attorney-General v. Valentia.**

The Court of Appeal dismissed the appeals in these cases. In (1), reported August, p. 300, it was held that where a member of the Bar practising his profession in London, held the office of Recorder in a provincial town, travelling, hotel and other incidental expenses were not expenses which he was obliged to incur "wholly, exclusively, and necessarily" in the performance of the duties of his office within the Income Tax Act, 1918, Schedule E, r. 9.

In (2), reported September, p. 320, it was held that the entertainment duty is payable on such proportion of club members' subscriptions as represents the right of admission to club entertainments, and that the Finance (New Duties) Act, 1916, provides no appeal against the decision of the Commissioners of Customs and Excise as to the proportion.

(C.A.; (1924) 59 L.J.N., 741.)

#### **Lane v. Inland Revenue Commissioners.**

*Method of ascertaining Total Profits for Excess Profits Duty.*

Where profits are being ascertained under sect. 53 (2) (g) of the Finance Act, 1920, for corporation profits tax, the excess profits duty which is to be deducted is not excess profits duty for an apportioned period of the whole accounting period but for the whole accounting period.

(K.B.; (1924) 131 L.T., 735.)

#### **Back v. Daniels.**

*Profits from Growing Crops where Growers are also Salesmen.*

The Court of Appeal affirmed the decision of Rowlatt, J., reported in *The Incorporated Accountants' Journal*, December, 1924, at p. 88. A person having lands for the growing of crops under an agreement which, albeit for a short period, gives him such a right to the use of the land that he can maintain trespass against any person infringing that right, is an occupier of the land within the meaning of the Income Tax Act, 1918, r. 2 of No. VII of Schedule A. As such he has the right to be assessed to income tax under Schedule B in respect of the occupation, and unless he so desires is not liable to be assessed under Schedule D upon the profits arising from the growing and sale of the crops. His being an occupier of the land is not determined by the question whether he is or is not rated to the poor, nor is it negatived by the fact that the person from whom he holds the land is also chargeable as an occupier under Schedule B.

(C.A.; (1924) 69 S.J., 160.)

#### **Hartland v. Digges.**

*Basis of Assessment for Income Tax where Employee's Salary is paid Tax Free.*

The Court of Appeal affirmed the decision of Rowlatt, J., reported in *The Incorporated Accountants' Journal*, May, 1924, at p. 222, and held that where an employer voluntarily pays the income tax on the salary of his employee, the amount of this payment must be added to the salary of the employee to ascertain his income for income tax purposes. The case followed in principle *Blakiston v. Cooper* ((1909) A.C., 104), where it was held that voluntary Easter offerings given as a free will gift to the minister for the purpose of increasing his stipend are assessable to income tax as profits accruing to him by reason of his office, under Schedule E, r. 1, of the Income Tax Act, 1842 (now repealed but re-enacted in principle in the Income Tax Act, 1918).

(C.A.; (1924) 59 L.J.N., 758.)